

CITY OF CATHEDRAL CITY California



Mary Pickford Theatre at Town Center

Comprehensive Annual Financial Report Year Ended June 30, 2009

This page intentionally left blank.



CITY OF CATHEDRAL CITY CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2009

PREPARED BY DEPARTMENT OF FINANCE

TAMI SCOTT

Administrative Services Director



This page intentionally left blank.



| | <u>Page</u> |
|---|--------------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| GFOA Certificate of Achievement for Excellence in Financial Reporting | 9 |
| Organization Chart | 10 |
| Principal Officials | 11 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 15 |
| Management's Discussion and Analysis (unaudited) | 19 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Assets | 41 |
| Statement of Activities | 42 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 44 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 47 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 48 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 51 |
| Statement of Net Assets – Proprietary Funds | 52 |
| Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds | 53 |
| Statement of Cash Flows – Proprietary Funds | 54 |
| Statement of Fiduciary Assets and Liabilities – Fiduciary Funds | 55 |
| Notes to the Financial Statements | 57 |
| Required Supplementary Information (unaudited): | |
| PERS Schedule of Funding Progress | 103 |
| OPEB Schedule of Funding Progress | 105 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | 106 |
| Note to Required Supplementary Information | 109 |
| Combining and Individual Fund Statements and Schedules: | |
| General Fund: | |
| Combining Balance Sheet – General Fund | 112 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund | 113 |
| Nonmajor Governmental Funds: | 117 |
| Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type | 122 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds by Fund Type | 123 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 124 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 132 |
| Combining Balance Sheet – Nonmajor Debt Service Funds | 140 |

(continued)

Page

| | |
|---|-----|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds | 142 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | 144 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds | 152 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds | 160 |
| Internal Service Funds: | 169 |
| Combining Statement of Net Assets – Internal Service Funds | 170 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds | 171 |
| Combining Statement of Cash Flows – Internal Service Funds | 172 |
| Agency Funds: | 175 |
| Combining Statement of Fiduciary Assets and Liabilities – Agency Funds | 176 |
| Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds | 178 |

STATISTICAL SECTION (unaudited)

| | |
|--|-----|
| Net Assets by Component | 188 |
| Changes in Net Assets | 190 |
| Fund Balances of Governmental Funds | 194 |
| Changes in Fund Balances of Governmental Funds | 196 |
| Governmental Activities Tax Revenues by Source | 198 |
| Assessed Value and Actual Value of Taxable Property | 199 |
| Property Tax Rates – Direct and Overlapping Governments | 200 |
| Principal Property Taxpayers | 202 |
| Property Tax Levies and Collections | 203 |
| Taxable Transactions by Category | 204 |
| Top 25 Sales Tax Producers | 206 |
| Ratios of Outstanding Debt by Type | 207 |
| Ratios of General Bonded Debt Outstanding | 208 |
| Direct and Overlapping Governmental Activities Debt | 209 |
| Legal Debt Margin Information | 210 |
| Pledged-Revenue Coverage | 211 |
| Demographic and Economic Statistics | 212 |
| Principal Employers – Current Year and Nine Years Ago | 213 |
| Full-time Equivalent City Government Employees by Function | 214 |
| Operating Indicators by Function | 216 |
| Capital Asset Statistics by Function | 218 |
| City of Cathedral City Map | 220 |

Picanha Churrascaria (Town Center)



Introductory Section



This page intentionally left blank.





City of Cathedral City, California Finance Department

December 10, 2009

To the Honorable Mayor, Members of the City Council and Citizens of the City of Cathedral City:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Cathedral City, California for the fiscal year ended June 30, 2009, with the Independent Auditor's Report, submitted in compliance with Municipal Code, Section 2.12.040. The CAFR has been prepared by the Finance Department, in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

I believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds, and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

The City's financial statements have been audited by Macias, Gini & O'Connell, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

FINANCIAL REPORTING AND FORMATS

The City has prepared its CAFR using GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Our CAFR is divided into the following sections:

The **Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

The **Financial Section** is prepared in accordance with GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes, and the Required Supplementary Information. Also included in this section is the Independent Auditor's Report on the Basic Financial Statements and schedules.

The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential bond investors and other readers.

In addition to this report, the City is required to undergo an annual "Single Audit" if certain conditions are met. This audit is performed in conformity with the provisions of the Federal Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations and Government Auditing Standards*, issued by the Comptroller General of the United States. Information related to this Single Audit is included in a separate report.

THE REPORTING ENTITY AND ITS SERVICES

The financial reporting entity (the City of Cathedral City) includes all the funds of the City of Cathedral City as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, the operations of the Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority, and the Cathedral City Downtown Foundation are blended with the City.

The City is a "full-service city" and provides a wide range of services, including police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, and general administrative support. A "full-service city" is defined as a city that is financially responsible for the full set of basic tax dependent municipal services within its jurisdiction including police, fire, park & recreation, streets and land-use planning.

BUDGET OVERVIEW

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City of Cathedral City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity that does not exceed the amounts approved in the budget for any amending resolutions. Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations. Budget-to-actual comparisons are provided in this report for each

individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, if any, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

GOVERNMENT, ECONOMY AND STRATEGIC PLAN

Government

The original inhabitants of the Cathedral City area and the area now known as the Coachella Valley were the Cahuilla Indians, who lived throughout the area for over two thousand years. Members of the Shoshone tribe, the Cahuilla Indians were industrious farmers, hunting local wildlife like deer and sheep when necessary to fulfill tribal needs. In 1876, the Agua Caliente Band, descendants of the Cahuilla tribe, established a 52,000-acre reservation, which encompasses 28 percent of the Cathedral City area.

The first Spaniards were thought to appear in the area in 1772, with the first settlers planting roots in approximately 1821. In 1850, Colonel Henry Washington of the U.S. Army Corps of Engineers discovered that the area's canyons resembled the interior of a grand cathedral and he named this canyon of majestic architecture Cathedral Canyon. In 1925, developers had the same impression, naming the area's first subdivision Cathedral City.

The City of Cathedral City, incorporated in 1981, is a business and resort community located in the heart of the Coachella Valley in eastern Riverside County, located approximately 110 miles east of Los Angeles and 115 miles northeast of San Diego. Bordered by Palm Springs to the west and Rancho Mirage to the east, it is the second largest city in the Coachella Valley, with an estimated 2009 population of 52,447. The City currently occupies a land area of approximately 24 square miles at an elevation of 400 feet above sea level and boasts an ideal climate of 350 sunny days a year, clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities.

From the original inhabitants, the Agua Caliente Band of Cahuilla Indians, Cathedral City has become a home of diversity in ethnicity, income and lifestyle. White-collar and blue-collar workers, professionals and retirees are all part of a population that works and lives together in a community striving for an enjoyable, prosperous and healthy lifestyle.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with two Council members elected every two years. The mayor is elected to serve a two-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the various department heads.

Economy

In recent years, Cathedral City has undergone major changes that have also affected other cities in the region. Population has grown, once-rural roads have become busy commercial corridors, and business activity has shifted from older centers to shopping plazas and malls in scattered locations. Through a public workshop process, the community resolved to revitalize the City's social and physical center. Cathedral City has

City of Cathedral City

Letter of Transmittal (continued)

December 10, 2009

committed itself to creating a unique high quality downtown that is the heart of the City's community pride and identity, bringing with it expanded opportunities for employment, housing, business and entertainment.

The City's centerpiece, the 70-acre Downtown Core and adjacent Pickfair Promenade, is fast becoming a dining, entertainment, and community destination for Coachella Valley residents, and, visitors, alike. Now "dinner and a movie" offers attractive options in downtown Cathedral City. Moviegoers can enjoy a film on one of the 14 screens at the Mary Pickford Theatres or on the six-story high screen at the Desert IMAX Theatre, the only 2D/3D facility in the Coachella Valley. Trilussa Ristorante has joined old-time favorites The Red Tomato and El Gallito. Big Mama's adds a Cajun barbecue flair while Picanha serves up traditional Brazilian style churrascaria in the Desert IMAX Theatre complex. In addition, Cathedral City Town Square features a uniquely designed, award-winning stone sculpture, the Fountain of Life, as well as bronze statues of film star George Montgomery and musician Buddy Rogers.

Other major attractions in Cathedral City include the 28-acre Big League Dreams Sports Park, the Cimarron Golf Resort, and various antique and consignment shops along Perez Road. The recently restored ultra-modern Cathedral City Public Library provides a host of exhibits, historical collections, art, computer services and books from around the world. Cathedral City is home to nine parks which offer a variety of fun-filled activities for the whole family.

The local economy continued to feel the effects of the economic downturn. Unemployment, tight credit, the automobile industry and the housing market all have a direct effect on the City's major revenue source – taxes. They are the City's General Fund's largest revenue source. It represents 69.3% of the total revenues received in 2009 by the General Fund. In 2009, taxes declined \$2.2 million (12.1%) from 2008 levels. Economy-driven taxes showed the following declines from 2008: sales taxes - \$2.2 million (26.1%), transient occupancy taxes - \$0.5 million (22.6%), and property taxes - \$0.2 million (3.4%). Further declines in property taxes may be seen going forward as the Riverside County Assessor's Office reassessed properties for the 2009-10 tax year as a result of the collapse in the housing market. The new utility users tax generated \$0.6 million in new revenues in 2009. This amount will increase in 2010 as a complete year of collections will have taken place. Although parts of the national economy are showing signs of recovery, it will be a slow process and may take the City several years to recover.

The City also felt the impact of the decline in financial markets. Overall, the City experienced a \$4.8 million decline in interest and investment earnings as a result of lower interest rates on investments. Interest rates in 2008 ranged from 3.42% to 6.17%, while in 2009 these rates decreased to 1.81% to 4.41%.

The City of Cathedral City has continually been burdened by the financial pressures and impacts imposed by Federal, State, and County governments. Since the early 1980's, these governmental units have passed on to municipalities a myriad of unfunded mandates or service/regulatory requirements and also, have eliminated or redistributed significant sources of revenue. During this period, the City has been forced to absorb financial impacts from Federal, State, and County governments in the form of unfunded mandates and decreased subvention revenues.

The most recent example of this is Assembly Bill (AB) 4x-26, passed on July 24, 2009. This bill requires redevelopment agencies to deposit tax increment monies in the county Supplemental Educational Revenue Augmentation Funds (SERAF) to be distributed to schools to fulfill the state's Proposition 98 obligations. The Agency's obligation is approximately \$9.5 million in 2009-10 and an additional \$1.95 million in 2010-11.

Strategic Plan

The City developed a three-pronged strategic plan to achieve the City's Mission Statement (*Moving Cathedral City Forward with Commitment, Pride and Excellence*). The three strategic elements are identified below:

- Securing the revenue required to keep the community safe.
- Strengthening civic pride and public trust through partnerships.
- Focusing on service excellence.

LONG-TERM FINANCIAL PLANNING

The City Council has established an informal target that the General Fund unreserved fund balance be at least 30% of the General Fund operating budget. The General Fund unreserved fund balance (including amounts designated for subsequent year's expenditures) was 41% of the 2009 General Fund operating budget as of June 30, 2009.

The City is currently working on certain projects to generate General Fund revenue to provide basic services to residents, expand employment opportunities for local residents, assist small and start-up businesses, and broaden the spectrum of services and retail offerings for the community. Some of these projects include: sales tax generation through the expansion of automobile sales activity; transient occupancy tax generation through tourism industry development; and, general commercial development, as well as the adaptive reuse of existing commercial structures which are underutilized or vacant. As a result of a continued significant downturn in the local, regional and national economies, Cathedral City has projected a General Fund operating deficit over the next several years. At the current pace, operating reserves are projected to be depleted by 2012. Therefore, a City Council-appointed Finance Advisory Committee was established to review and determine the potential for alternative revenue sources. This led to the passage of a 3% Utility User's Tax (Measure "L") on the November 2008 ballot.

The City's "Downtown Core Revitalization Plan" is intended to create a downtown Cathedral City that will ultimately consist of a centrally-located Downtown Core flanked by mixed-use, live-work commercial and residential districts to the south, east and west. The Downtown Core will consist of a tight cluster of commercial, entertainment and mixed-use buildings. In addition to the proposed Sheraton Desert Cove Resort & Spa, other planned developments include an adjacent 18-hole resort golf course, multi-story office building, retail space and a phased development that will include in excess of 300 residential units, 123,000 square feet of retail, 27,500 of office/financial uses and 14,000 square feet of restaurant space. This project will also include vertical mixed-use buildings with retail on the ground floor plaza space with residential above. The Cathedral City Redevelopment Agency ("Agency") completed a \$110 million dollar tax allocation bond to fund improvements throughout the city in 2007. The City anticipates issuing a \$60 million bond for the hotel associated with the Sheraton Desert Cove Resort & Spa project.

The "Cathedral City Parks and Recreation Master Plan" calls for the following to occur between 2009 and 2015:

- Develop 145 acres of land set aside for park use.
- Acquire another 200 acres.
- Develop the 200 acres between 2010 and 2015 and acquire an additional 150 acres.
- Build two swimming pools, which would include aquatic features, possibly a zero-depth area, water fountains, slides and boards, floating areas, spray stations and play structures.

City of Cathedral City

Letter of Transmittal (continued)

December 10, 2009

- Add ten new soccer fields by 2015. (The 30th Avenue Soccer Park was completed in 2008.)
- Add ten new baseball/softball fields by 2015.
- Provide two 50,000 square foot community recreation centers, one by 2010 and the second by 2015.
- Add tennis courts to the existing six.

Several options have been presented regarding the funding of the plan, including grants from the National Park Service and the State Department of Parks and Recreation.

RELEVANT FINANCIAL POLICIES

Cash management policies and practices. The City Treasurer is responsible for the cash management and investment program of the City, which employs a pooled cash system. The City's investments are managed in compliance with the investment policy adopted by the City Council and reaffirmed annually. Cash temporarily idle during the year was mainly invested in securities of government agencies and the State Treasurer's investment pool.

Interest revenue is allocated to participating funds based on the quarterly ending cash balance of each fund. Interest revenue also includes changes in fair value of investments. Changes in fair value recognized in the current year do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City is self-insured against most worker's compensation, general liability and property claims. As part of this comprehensive plan, resources are being accumulated in an internal service fund (the "Insurance Fund") to meet current and potential losses. Estimated liabilities are budgeted annually in this fund to meet potential losses. In addition, various control techniques, including employee accident prevention training and supervisor training, have been implemented to minimize accident-related losses.

Third-party coverage through the Public Entity Risk Management Authority (PERMA) is currently maintained for liability and workers compensation insurance. The liability insurance program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority. The workers compensation insurance program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention limit of \$250,000. Excess insurance coverage is limited to statutory levels for workers compensation and \$5 million for employer's liability. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension benefits. The City contributes to the California Public Employees Retirement System (CALPERS), an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a period not to exceed 30 years.

MAJOR INITIATIVES

The Sheraton Desert Cove Resort & Spa at Cathedral City is a proposed 300-room resort/conference center hotel that will be operated under the Sheraton Flag by Sage Hospitality Resources of Denver, Colorado. The hotel will be a first-class, full-service lodging facility with an approximately 6,000 square foot spa, a 120-seat full-service restaurant, other food and beverage outlets, a grand ballroom, board room, business center and other amenities. The hotel should be very attractive to the group meetings market, providing approximately 18,800 square feet of meeting space. It is estimated that group business will account for nearly 65% of the hotel's occupancy at stabilization. Transient business (predominately leisure with some corporate travel) is projected to make up the remaining 35% of the stabilized occupancy. The hotel will also include a 2,500 square foot golf pro shop and a 7,500 square foot underground cart barn. A private, 18-hole Fred Couples Signature regulation length golf course is being developed adjacent to the project. The golf course will be developed on 220 acres and is planned to be a 6,623 yard, par 71 course. The City anticipates breaking ground for the golf course associated with the Sheraton Desert Cove Resort & Spa project in Fall 2011.

The Agency has spent the last five years preparing for this project. The 12-acre site of the proposed conference center hotel was once blighted with limited infrastructure. The Agency has contributed considerable financial, political and human resources to make this project successful. The relocation, demolition, and acquisition costs alone have been in excess of \$14 million. The utilities and infrastructure to the site has cost more than \$6 million. As for the golf course portion, 50% of the underlying land is owned by the Agency, and will be leased to the developer for \$1, plus \$3 per round. To assure the golf course will be ready by the opening of the hotel, the Agency has agreed to lend the golf course developer 50% of the construction costs (approximately \$6 million) in exchange for a first lien position on the land and the golf course itself. In addition, the Agency and the City have also pledged site-specific available property taxes and transient occupancy taxes to the project, as well as a limited pledge of the Agency's tax increment revenue.

In 2008, the City annexed approximately 4,700 acres north of Interstate I-10 from Riverside County, California. Approximately 2,900 acres of the 4,700 acres will be placed into open space conservation per the provisions of the Multi-Species Habitat Conservation Plan. Primary regional and local access to this area is provided by existing interchanges of Interstate 10 at Date Palm Drive, Palm Drive and a future projected third intersection at DaVall Road. The City has completed a "North City Specific Plan" to identify the highest and best use of this land mass, which will include zone changes to better define appropriate opportunities for future growth and development while maintaining the City's natural resources and scenic environment. The area is currently envisioned to accommodate approximately 10.4 million square feet of business park, light industrial and mixed use commercial space. Development is anticipated to include hotel rooms, retail, offices, entertainment, resorts and light manufacturing, as well as almost 10,000 new residential units.

The Agency is currently working with Cathedral City Town Center Ventures on finalizing business terms for the development of an approximate 23 acre mixed-use development adjacent to the Mary Pickford Theatres. The development, located at the northwest corner of East Palm Canyon Drive and Date Palm Drive, will consist of retail, restaurant, office and residential uses. Suites will range in size between 5,000 and 24,000 square feet.

The City recently approved a new commercial development, Uptown Village. The development will be located on 9.41 acres at the northeast corner of McCallum Way and Date Palm Drive with a proposed 72,000 square feet of commercial retail space to be constructed in two phases. Phase I construction will consist of approximately 38,000 square feet in three buildings, with one of the buildings being a 17,000 square foot drive-through drug store. Phase II construction will consist of four buildings and include approximately 33,700 square feet. Suites of varying sizes will be available to meet retail tenant needs.

CERTIFICATE OF ACHIEVEMENT

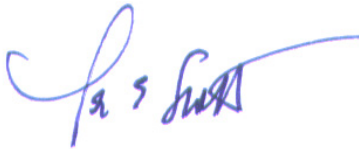
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the fourth consecutive year that the City has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awards a Distinguished Budget Presentation Award for governmental budgets. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. For the first time, the City's Adopted Biennial Budget for Fiscal Years 2008/09 and 2009/10 was submitted to GFOA for consideration of this award. In October 2008, the City was notified that it had received the Distinguished Budget Presentation Award.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Tami E. Scott
Administrative Services Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Cathedral City
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



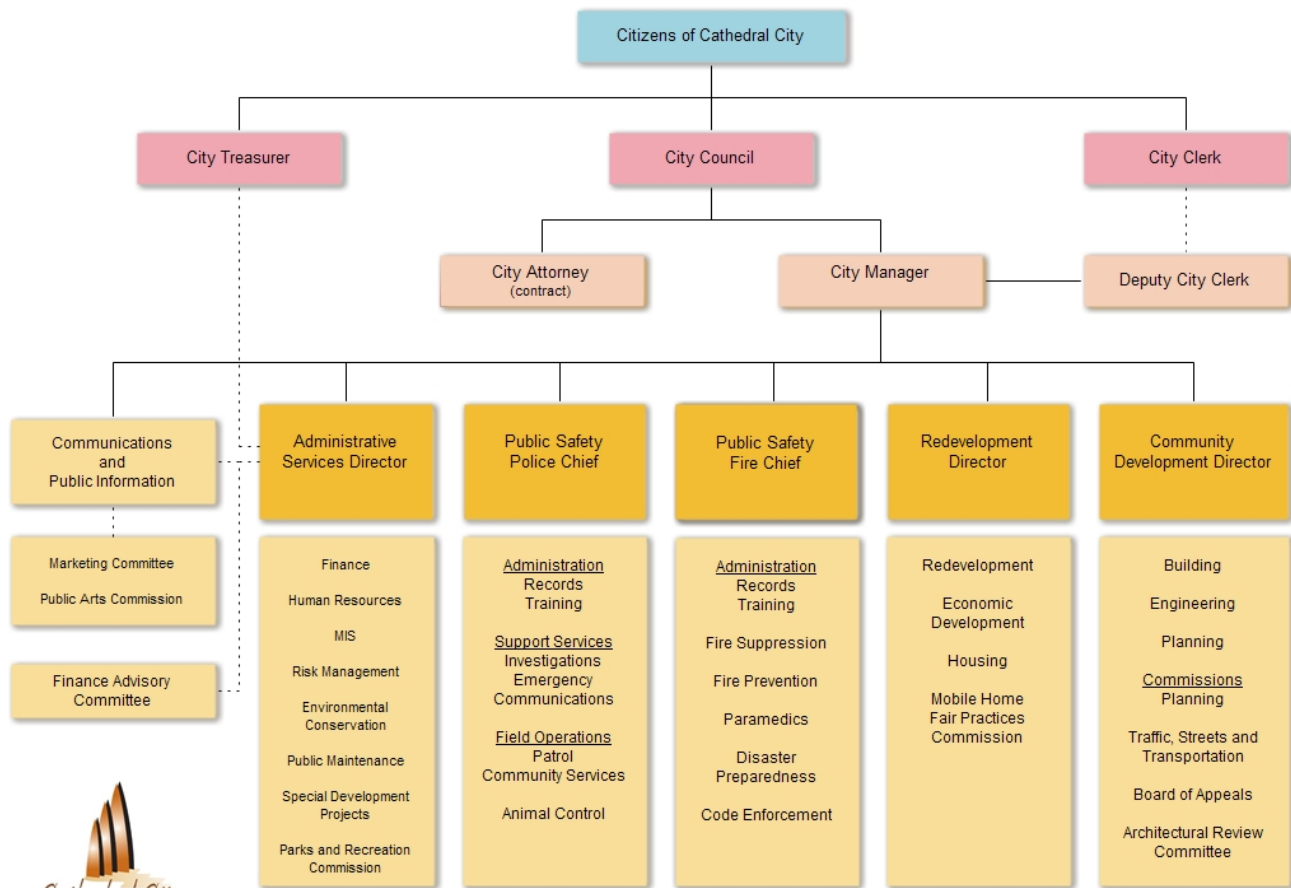
A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos", is written above the title "Executive Director".

Executive Director

ORGANIZATION CHART



| | |
|----------------|---|
| Mayor | Kathleen DeRosa (seated) |
| Mayor Pro Tem | Charles (Bud) England (2 nd from left) |
| Council Member | Gregory Pettis (far right) |
| Council Member | Paul Marchand (far left) |
| Council Member | Charles Vasquez (2 nd from right) |



| | |
|------------|-------------|
| City Clerk | Pat Hammers |
|------------|-------------|



| | |
|--------------|-------------|
| City Manager | Don Bradley |
|--------------|-------------|



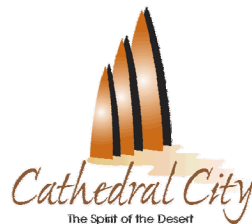
| | |
|----------------------------------|---------------|
| City Treasurer | Henry Chan |
| City Attorney | Charles Green |
| Chief of Police | Stan Henry |
| Fire Chief | Bill Soqui |
| Administrative Services Director | Tami Scott |
| Redevelopment Agency Director | Jan Davison |

This page intentionally left blank.





Financial Section



This page intentionally left blank.





MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

NEWPORT BEACH
1201 Dove Street, Suite 680
Newport Beach, CA 92660
949.221.0025

SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of Cathedral City, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cathedral City, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Cathedral City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2009, on our consideration of the City of Cathedral City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cathedral City's basic financial statements. The accompanying introductory section, the combining and individual nonmajor fund financial statements and schedules listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 8, 2009



Management's Discussion and Analysis



This page intentionally left blank.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Cathedral City ("City") provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30, 2009, by \$134.1 million (reported as *net assets*).
- The City's total net assets decreased by \$45.5 million from June 30, 2008. The overall decrease was the result of correcting capital asset values (\$28.7 million decrease), recording accreted interest related to the 2000 Tax Allocation Revenue Bonds, Series A – Capital Appreciation Bonds (\$1.4 million decrease), correcting sales tax revenues (\$0.6 million increase) and unearned revenues (\$0.3 million decrease) and the result of expenses exceeding revenues for the year (\$15.7 million decrease).
- At June 30, 2009, the City's governmental funds reported combined ending fund balances of \$216.8 million, which is a decrease of \$27.9 million (or 11.4%) in comparison to June 30, 2008.
- The City's total debt decreased by \$0.6 million from June 30, 2008. The net decrease in bonds, loans, capital leases and accreted interest of \$5.7 million was mainly the result of principal payments on outstanding debt. This was offset by an overall net increase of \$5.1 million in compensated absences, claims and judgments, and other post employment benefits. Of this increase, \$3.8 million was related to other post employment benefits, which the City was required to report for the first time in accordance with Government Accounting Standards Board (GASB) No. 45.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) *government-wide* financial statements, (2) *fund* financial statements, and (3) *notes* to the financial statements. This report also contains other *supplementary information* in addition to the basic financial statements. For the seventh consecutive year, this report includes government-wide financial statements as required by GASB No. 34.

Government-wide financial statements provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The **fund financial statements** focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be divided into three categories:

- The *governmental funds* statements tell how general government services like public safety and public works were financed in the short term as well as what remains for future spending.
- *Proprietary fund* statements offer short- and long-term financial information about the activities the government operates like businesses.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

- *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as agent or trustee for the benefit of others, to whom the resources in question belong.

The financial statements also include **notes** that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of **required supplementary information** that provides additional financial and budgetary information.

Figure A-1 on the opposite page summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

(This space intentionally left blank.
Management's Discussion and Analysis continues on the next page.)

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

| | Government-wide <u>Statements</u> | Fund Statements | | |
|--|--|--|---|--|
| | | <u>Governmental Funds</u> | <u>Proprietary Funds</u> | <u>Fiduciary Funds</u> |
| Scope | Entire City government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary | Activities the City operates similar to private businesses | Instances in which the City is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

Government-Wide Financial Statements (Reporting the City as a Whole)

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. The *Statement of Net Assets* and the *Statement of Activities* report information about the City as a whole and about its activities in a way that helps answer the question, "Is the City as a whole better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and the changes in them during the fiscal year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the City's property tax base, the condition of the City's roads, etc. need to be taken into account when assessing the overall health of the City.

In the *Statement of Net Assets* and the *Statement of Activities*, we divide the City into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here. These activities are supported by taxes and intergovernmental revenues. The governmental activities of the City include public safety, public works, community development, culture and recreation, general administration and finance, and general city responsibilities.
- **Business-type activities** – These activities are intended to recover all or a significant portion of their costs through user fees and charges. The City's business-type activity consists of the Cathedral City Downtown Foundation, a component unit, which currently operates the IMAX Theatre.
- **Component units** – The Cathedral City Redevelopment Agency, the Cathedral City Public Financing Authority and the aforementioned Cathedral City Downtown Foundation are legally separate component units. The component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City even though they do not provide services directly to the City. Although legally separate from the City, these component units are blended with the City government because of their exercise of authority and their financial relationships with the City.

Fund Financial Statements

The **fund financial statements** are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific resources of funding and spending for a particular purpose. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is helpful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* for the General Fund, Redevelopment Agency Area 3 Debt Service Fund, Public Financing Authority Debt Service Fund, Areawide Capital Projects Fund, Assessment District 04-02 Capital Projects Fund, 2007 TAB B Capital Projects Fund and 2007 TAB C Capital Projects Fund (which are considered to be major funds). Data from the remaining governmental funds are combined into a single, aggregated presentation (nonmajor funds). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. These funds are reported using **modified accrual accounting**, which measures cash and all other financial assets that can readily be converted to cash.

The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund and certain special revenue funds (Low and Moderate Income Housing, State Gas Tax, Air Quality Improvement, Solid Waste, Measure A, Police Donations, and Fire Donations). The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The City's budget reflects its priorities and informs the taxpayers and ratepayers what is being done with their money. Budgetary comparison statements have been provided in the required supplementary information for the General Fund to demonstrate compliance with the budget. Budgetary comparison statements for other appropriated non-major governmental funds are provided in the other supplementary schedules.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. Proprietary funds (enterprise and internal service) utilize the same method used by private sector businesses, or **accrual accounting**.

Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The City reports the Cathedral City Downtown Foundation, which currently operates the IMAX Theatre, as an enterprise fund. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. The City currently reports Equipment Replacement and Insurance internal service funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

- *Fiduciary funds* – The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate *Statement of Fiduciary Assets and Liabilities*. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City's *agency funds*, a type of fiduciary fund, include special assessment funds that account for receipts and disbursements for the debt service activity of the special assessment districts within the City. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found on pages 57 through 100 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including budgetary comparison statements for major governmental funds. Required Supplementary Information and accompanying note can be found on pages 103 through 109 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the appropriately labeled tabs. Combining and individual fund statements and schedules can be found on pages 112 through 182 of this report.

(This space intentionally left blank.
Management's Discussion and Analysis continues on the next page.)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This is the seventh year that the City has presented its Financial Statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. The current year's analysis compares this year's data primarily to the prior year.

Analysis of Net Assets

Net Assets – Government-Wide
June 30, 2009
(Dollars in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | |
|---|----------------------------|----------|-----------------------------|------|----------|----------|----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | Change |
| Assets: | | | | | | | |
| Current and other | \$ 239,542 | 266,152 | 75 | 109 | 239,617 | 266,261 | (26,644) |
| Capital assets, net | 159,238 | 176,545 | 21 | 40 | 159,259 | 176,585 | (17,326) |
| Total assets | 398,780 | 442,697 | 96 | 149 | 398,876 | 442,846 | (43,970) |
| Liabilities: | | | | | | | |
| Long-term liabilities outstanding | 245,145 | 243,656 | - | - | 245,145 | 243,656 | 1,489 |
| Other | 19,506 | 19,480 | 59 | 91 | 19,565 | 19,571 | (6) |
| Total liabilities | 264,651 | 263,136 | 59 | 91 | 264,710 | 263,227 | 1,483 |
| Net assets: | | | | | | | |
| Invested in capital assets, net of related debt | 24,533 | 69,918 | 21 | 40 | 24,554 | 69,958 | (45,404) |
| Restricted | 145,031 | 153,336 | - | - | 145,031 | 153,336 | (8,305) |
| Unrestricted (deficit) | (35,435) | (43,693) | 16 | 18 | (35,419) | (43,675) | 8,256 |
| | \$ 134,129 | 179,561 | 37 | 58 | 134,166 | 179,619 | (45,453) |

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities decreased by \$45.5 million (\$134.1 million compared to \$179.6 million) or by 25.2%.

One of the larger portions of the City's net assets (at 18.3%) reflects its investment of \$24.5 million in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire the assets at June 30, 2009. These same figures for June 30, 2008 were \$70.0 million in capital assets, net of related debt, or 38.9% of net assets. The reduction in the investment in capital assets balance from 2008 to 2009 was the result of correcting assets previously capitalized and the related depreciation. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

For reporting purposes, net assets of business-type activities decreased by \$21,000 from 2008 as the result of operating the IMAX Theatre by the Cathedral City Downtown Foundation.

In the current year, as in the prior year, there was a deficit balance reported in unrestricted net assets for governmental activities. The deficit in the unrestricted net asset balance results from the recognition of long-term debt and other expenditures that have been utilized/incurred to fund redevelopment projects. The long-term debt will be repaid from tax increment revenue that will be generated as a result of redevelopment project activity in the future. This future tax increment revenue is not reflected in our financial statements, thereby resulting in the deficit net asset balance for governmental activities.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

Analysis of Changes in Net Assets

Change in Net Assets - Primary Government For the year ended June 30, 2009 (Dollars in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | |
|---|-------------------------|---------|--------------------------|-------|----------|---------|----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | Change |
| Program revenues: | | | | | | | |
| Charges for services | \$ 6,995 | 6,003 | 937 | 743 | 7,932 | 6,746 | 1,186 |
| Operating grants and contributions | 3,421 | 3,881 | 250 | 300 | 3,671 | 4,181 | (510) |
| Capital grants and contributions | 2,379 | 3,180 | - | - | 2,379 | 3,180 | (801) |
| General revenues: | | | | | | | |
| Property taxes | 33,049 | 34,634 | - | - | 33,049 | 34,634 | (1,585) |
| Sales taxes | 6,165 | 8,345 | - | - | 6,165 | 8,345 | (2,180) |
| Utility users taxes | 635 | - | - | - | 635 | - | 635 |
| Other taxes | 1,633 | 2,110 | - | - | 1,633 | 2,110 | (477) |
| Franchise fees | 1,995 | 1,975 | - | - | 1,995 | 1,975 | 20 |
| Interest and investment earnings | 4,934 | 9,720 | - | 4 | 4,934 | 9,724 | (4,790) |
| Insurance proceeds | 683 | - | - | - | 683 | - | 683 |
| Miscellaneous | 2,255 | 2,068 | - | - | 2,255 | 2,068 | 187 |
| Total revenues | 64,144 | 71,916 | 1,187 | 1,047 | 65,331 | 72,963 | (7,632) |
| Expenses: | | | | | | | |
| General government | 10,030 | 7,040 | - | - | 10,030 | 7,040 | 2,990 |
| Community development | 25,819 | 14,855 | - | - | 25,819 | 14,855 | 10,964 |
| Culture and recreation | 58 | 362 | - | - | 58 | 362 | (304) |
| Public safety | 25,160 | 21,556 | - | - | 25,160 | 21,556 | 3,604 |
| Public works | 6,608 | 4,874 | - | - | 6,608 | 4,874 | 1,734 |
| Interest on long-term debt | 12,190 | 13,855 | - | - | 12,190 | 13,855 | (1,665) |
| Education | - | - | 1,208 | 1,078 | 1,208 | 1,078 | 130 |
| Total expenses | 79,865 | 62,542 | 1,208 | 1,078 | 81,073 | 63,620 | 17,453 |
| Excess (deficiency) before extraordinary item | (15,721) | 9,374 | (21) | (31) | (15,742) | 9,343 | (25,085) |
| Extraordinary item: | | | | | | | |
| Net gain on insurance recovery | - | 264 | - | - | - | 264 | (264) |
| Increase (decrease) in net assets | (15,721) | 9,638 | (21) | (31) | (15,742) | 9,607 | (25,349) |
| Net assets at beginning of year, as restated | 149,850 | 169,923 | 58 | 89 | 149,908 | 170,012 | (20,104) |
| Net assets at end of year | \$ 134,129 | 179,561 | 37 | 58 | 134,166 | 179,619 | (45,453) |

The City's total net assets decreased by \$45.4 million from the prior year (\$29.7 million net decrease from restating beginning net assets and a \$15.7 million decrease related to current year activities). The components of the current year decrease are explained in the government and business-type activities below.

Governmental Activities

Total revenues decreased by \$7.8 million from 2008, or by 10.8%. This was a result of program revenues decreasing \$0.3 million, or 2.1%, while general revenues decreased \$7.5 million, or 12.7%.

The breakdown of the overall program revenues decrease of \$0.3 million is as follows:

- Charges for services increased \$1.0 million from 2008. Significant aspects of this increase include:
 - ◊ \$0.9 million increase in administrative support and labor reimbursements for services provided.
 - ◊ \$0.2 million increase in miscellaneous fines and forfeits.
 - ◊ \$0.2 million increase in rental revenues.

- ◇ \$0.1 million decrease in construction permits.
- ◇ \$0.1 million decrease in engineering fees.
- ◇ \$0.1 million net decrease in all other charges for services.
- Capital grants and contributions decreased \$0.8 million from 2008. Significant aspects of this decrease include:
 - ◇ \$0.5 million decrease in governmental assistance related to the soccer park, as that project is complete.
 - ◇ \$0.5 million increase in governmental assistance related to blow sand projects within the city.
 - ◇ \$0.5 million decrease in governmental assistance related to projects funded through the California Water Resources Board and U.S. Department of Commerce, Economic Development Administration.
 - ◇ \$0.3 million increase in governmental assistance related to public safety projects, including COPS (Community Oriented Policing Services) and ERICA (Eastern Riverside County Interoperable Communications Authority).
 - ◇ \$0.3 million decrease in governmental assistance related to Phase I of the Cove sewer project.
 - ◇ \$0.3 million decrease in governmental assistance related to bridge and road projects.
- Operating grants and contributions remained relatively unchanged from 2008 (\$0.5 million decrease). Governmental assistance decreased \$0.2 million in public safety and \$0.1 million each in public works, community development and general government.

The overall general revenues decrease of \$7.5 million was the result of the following:

- \$4.8 million decrease in interest and investment earnings was mainly the result of lower interest rates on investments. Interest rates in 2008 ranged from 3.42% to 6.17%, while in 2009 these rates decreased to 1.81% to 4.41%.
- \$2.2 million decrease in sales taxes as a result of the weakened economy. Decreased automobile sales were a significant contributor to this decline.
- \$1.6 million decrease in property taxes as a result of the decline in the housing market.
- \$0.7 million increase related to insurance proceeds received for the library restoration.
- \$0.6 million increase in utility users taxes as a result of the passage of Measure L in November 2008.
- \$0.5 million decrease in other taxes (transient occupancy taxes) as a result of the weakened economy.
- \$0.3 million increase in miscellaneous revenues.

Total expenses increased by \$17.3 million from 2008, or by 27.7%. The breakdown of this increase is as follows:

- Public safety expenses increased \$3.6 million due mainly to increases in salaries and overtime (\$1.0 million), employee benefits (\$0.3 million) and other post employment benefits (\$1.8 million), respectively. Other expense categories increased by a net of \$0.5 million.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

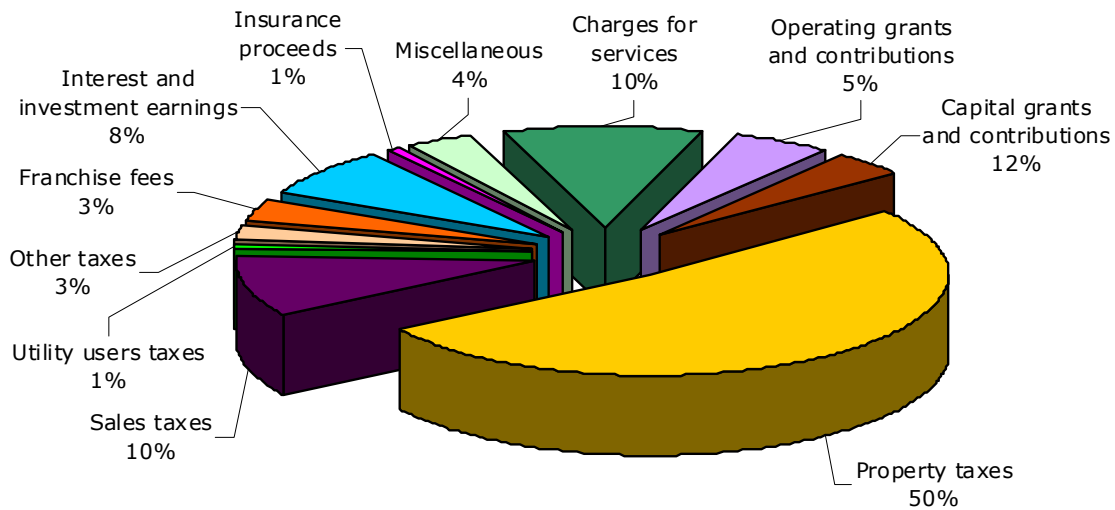
- Interest on long-term debt decreased \$1.7 million due to decreases in interest expense related to outstanding debt and other notes payable.
- General government expenses increased by \$3.0 million. Significant aspects of this increase include:
 - ◇ \$2.0 million increase in other post employment benefits.
 - ◇ \$0.6 million increase in other operating expenses.
 - ◇ \$0.4 million increase in employee benefits.
- Community development expenses increased by \$11.0 million. Significant aspects of this increase are as follows:
 - ◇ \$2.7 million increase related to certain capital expenses not meeting capitalization thresholds.
 - ◇ \$2.3 million increase related to costs of the Riverside County Flood Control District storm drain project.
 - ◇ \$2.2 million increase related to various street reconstruction/renovation projects.
 - ◇ \$1.5 million increase related to assistance provided to the Creekside and Heritage Park developments.
 - ◇ \$1.2 million increase in pass-through payments to other agencies.
 - ◇ \$1.1 million net increase in all other operating and project-related expenses.
- Culture and recreation expenses remained relatively unchanged from 2008 (\$0.3 million decrease).
- Public works expenses increased \$1.7 million from 2008. Significant aspects of this increase include:
 - ◇ \$1.3 million increase in depreciation as a result of correcting the useful lives of capital assets.
 - ◇ \$0.4 million net increase in all other operating expenses.

Governmental Activities – Charts and Graphs

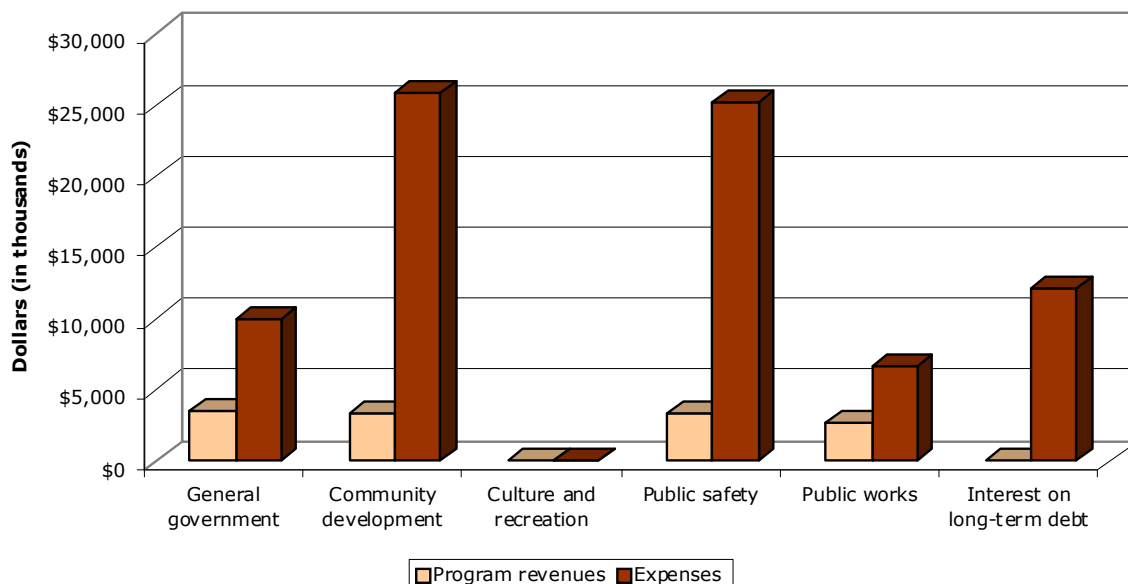
The charts and graphs which follow on the next few pages illustrate the City's governmental revenues by source, and its expenses and revenues by function.

(This space intentionally left blank.
Management's Discussion and Analysis continues on the next page.)

Revenues by Source - Governmental Activities - 2009



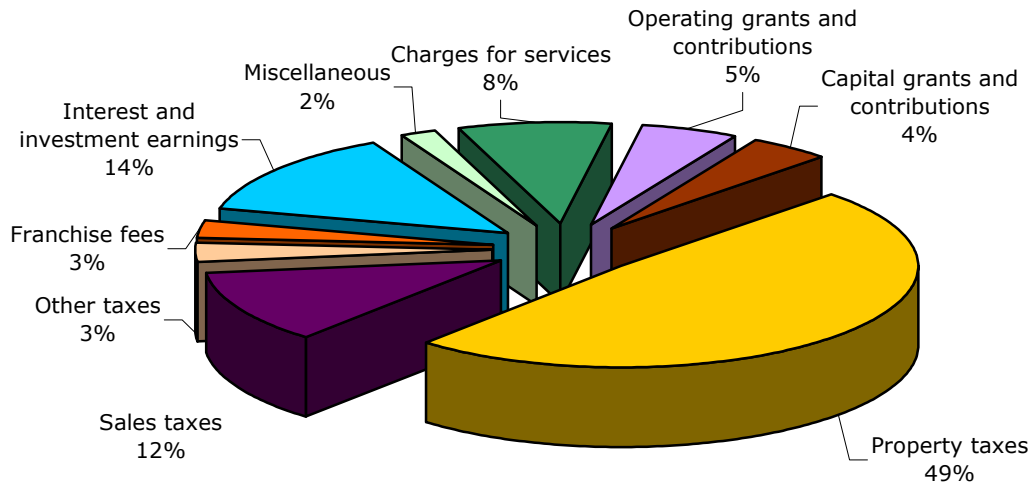
Program Revenues and Expenses - Governmental Activities - 2009



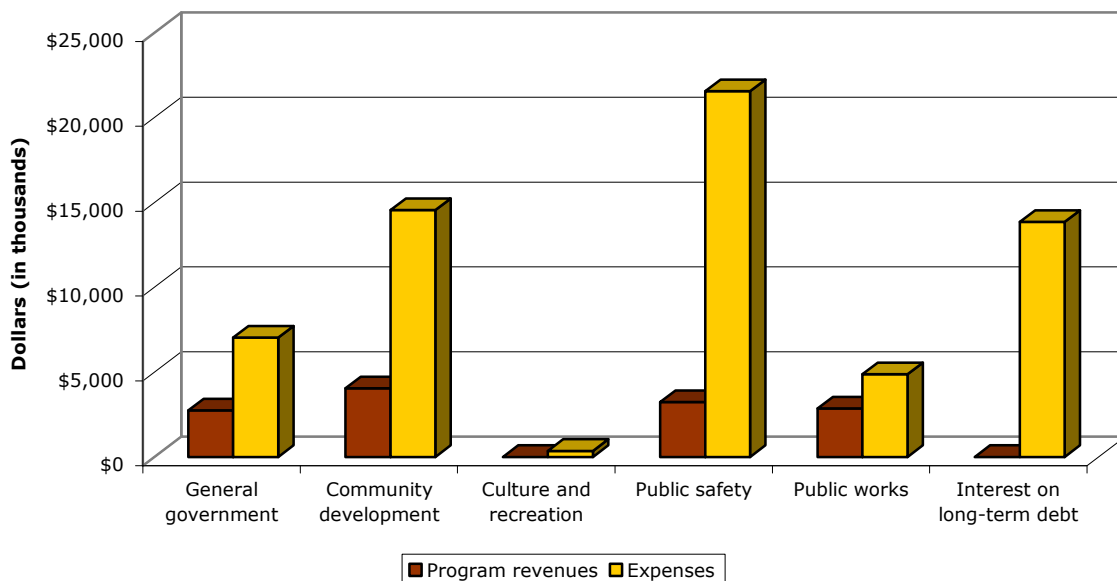
City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

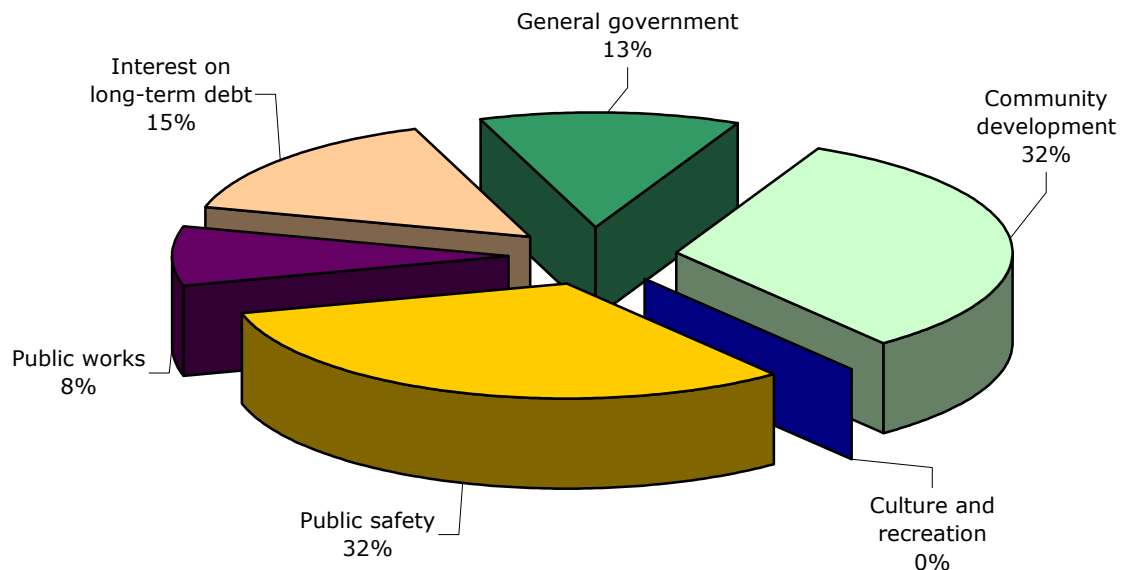
Revenues by Source - Governmental Activities - 2008



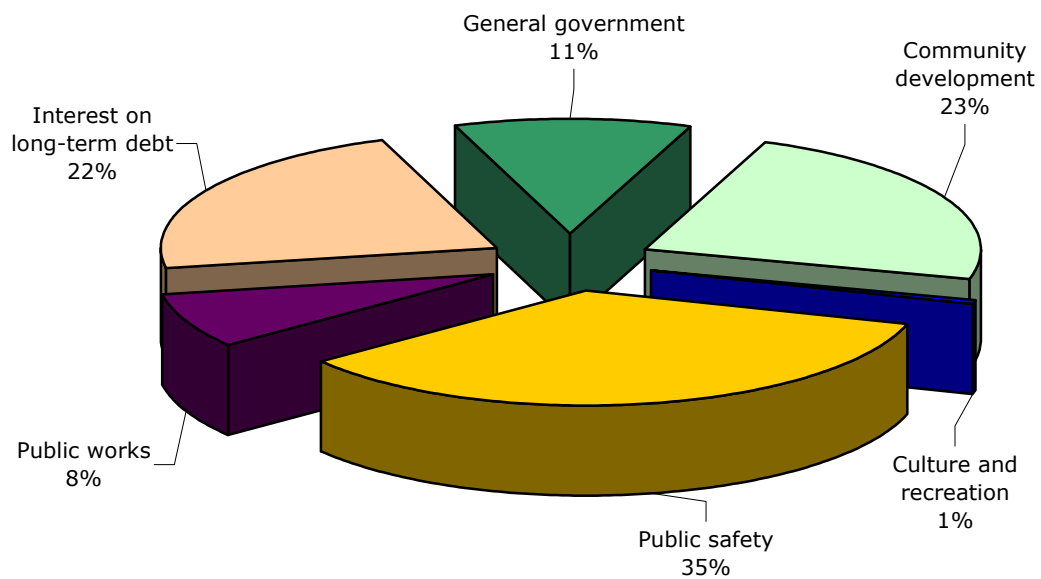
Program Revenues and Expenses - Governmental Activities - 2008



Expenses by Type - Governmental Activities - 2009



Expenses by Type - Governmental Activities - 2008



City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

Business-type Activities

Business-type activities, which represent the IMAX Theatre as operated by the Cathedral City Downtown Foundation, decreased the City's net assets by \$21,000 in 2009. The decrease in net assets was the result of increased program revenues (\$194,000, or 26.1% - \$937,000 in 2009 vs. \$743,000 in 2008), decreased general revenues (\$4,000 or 100% - \$0 in 2009 vs. \$4,000 in 2008) and increased expenses (\$130,000 or 12.1% - \$1,208,000 in 2008 vs. \$1,078,000 in 2008). The Cathedral City Downtown Foundation received a contribution of \$250,000 from the Cathedral City Redevelopment Agency, a decrease of \$50,000 from 2008 (\$250,000 in 2009 vs. \$300,000 in 2008).

Total program revenues increased by \$194,000 from 2008 as a result of an increase of \$152,000 in box office revenues (\$746,000 in 2009 vs. \$594,000 in 2008) and a corresponding increase of \$46,000 in concession sales (\$189,000 in 2009 vs. \$143,000 in 2008). Game commissions and miscellaneous revenues decreased \$4,000 (\$2,000 in 2009 vs. \$6,000 in 2008).

The increase in expenses of \$130,000 was mainly the result of higher film licensing costs (\$105,000 - \$409,000 in 2009 vs. \$304,000 in 2008), increased salaries and benefits (\$13,000 - \$210,000 in 2009 vs. \$197,000 in 2008) and a net increase of \$12,000 in all other expenses (\$589,000 in 2009 vs. \$577,000 in 2008).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements. Financial highlights of the City's major governmental funds are discussed below.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$14,383,500, of which \$5,881,873 was designated for subsequent year's expenditures. Total fund balance was \$18,551,080. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 43.2% of total General Fund expenditures, while total fund balance represents 56.1% of that same amount.

The fund balance of the City's General Fund decreased by \$2,348,067, or 11.2%, of the restated beginning fund balance. The reasons for significant changes in the revenues and expenditures of the City's General Fund from the prior year is as follows:

- Overall General Fund revenues decreased by \$1.1 million. The decrease was mainly due to a \$2.2 million decrease in taxes, \$1.5 million increase in development fees, \$0.6 million increase in charges for services, \$0.6 million decrease in miscellaneous revenues, \$0.4 million decrease in revenues from use of money and property. There was a net no change in the intergovernmental, licenses and permits, and fines and forfeitures categories. The significant aspects of the net decrease were a loss of \$2.2 million in sales taxes (26.1% reduction from 2008) and a reduction of \$0.4 million in investment earnings (32.9% reduction from 2008), mainly a result of the economic conditions. These revenue reductions were partially offset by an increase of \$1.5 million in development fees from the Creekside and Heritage Park projects.
- Overall General Fund expenditures increased by \$0.4 million, or 1.2%. The general government expenditure category increased by \$1.1 million, while capital outlay expenditures decreased \$1.0 million from 2008. During 2009 new accounts were established in the financial system to account

for capital purchases that did not meet the City's capitalization policy thresholds. In the past these costs were coded to accounts that eventually were reported as "capital outlay." As a result, in 2009 these costs would have been reported against functional expenditure categories. Community development expenditures decreased \$0.8 million from the prior year. Public safety expenditures increased \$1.1 million due mainly to increases in salaries (\$0.6 million) and benefits (\$0.5 million), respectively. Culture and recreation, and public works expenditures generally remained unchanged from the prior year.

The **Redevelopment Agency Area 3** Debt Service Fund has a total fund balance of \$14.7 million, all of which is reserved for debt service. The net increase in fund balance during the current year was \$475,000. Tax revenues decreased by \$0.7 million from the prior year and expenditures increased by \$0.2 million from the prior year. Expenditures increased in the current year because additional pass-through payments of \$0.5 million were incurred, while other expenditures decreased \$0.3 million.

The **Public Financing Authority** Debt Service Fund has a total fund balance of \$9.9 million, of which \$3.1 million was reserved for debt service and \$6.8 million was reserved for investments held in trust for debt service. The net change in fund balance during the current year was a decrease of \$2.3 million. Revenues declined \$0.2 million due to a decrease in interest revenue. Expenditures increased by \$2.1 million as a result of the increased payments on long-term debt (\$1.3 million principal; \$0.8 million interest).

The **Areawide Capital Projects** Capital Projects Fund has a total deficit fund balance of \$4.8 million, which is considered to be unreserved. The net change in fund balance during the current year was a decrease of \$2.7 million. Revenues decreased by \$1.1 million while expenditures increased by \$2.0 million from 2008 due to increased activity. The two most significant projects were the Riverside County Flood Control District storm drains and the Perez Road rehabilitation and sewer improvements.

The **Assessment District 04-02** Capital Projects Fund has a total unreserved fund balance of \$4.2 million. The net change in fund balance during the current year was a decrease of \$9.0 million. Revenues were \$0.3 million (compared to \$0.5 million in 2008), while expenditures were \$9.9 million (compared to \$8.0 million in 2008). Increased activity related to the Cove sewer project accounted for the majority of the additional expenditures. Transfers in remained unchanged at \$0.6 million.

The **2007 TAB B** Capital Projects Fund has a total fund balance of \$50.4 million, of which \$22.2 million was reserved for advances to other agencies, deposits and land held for resale. The remaining \$28.2 million is unreserved. The net change in fund balance during the current year was an increase of \$0.4 million. This was due to investment earnings of \$0.5 million on unspent bond proceeds less expenditures of \$0.1 million.

The **2007 TAB C** Capital Projects Fund has a total fund balance of \$25.2 million, of which \$2.4 million was reserved for land held for resale. The remaining \$22.8 million is unreserved. The net change in fund balance during the current year was a decrease of \$4.8 million. This was due to investment earnings of \$0.4 million on unspent bond proceeds and \$5.2 million of expenditures related to street improvements, pavement rehabilitation, the East Cathedral Canyon Channel improvements, and preliminary work on the new Cathedral Canyon Fire Station.

General Fund Budget

The City's biennial budget is adopted by City Council resolution. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the two-year budget period. Adjustments in the amount appropriated at the department/fund level are

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

made throughout the fiscal year upon a motion to amend the resolution and affirmative votes of a simple majority of the five City Council members. All appropriations lapse at year end.

The City's Amended Budget differs from the Adopted Budget in that it contains supplemental revenues and appropriations received and approved by City Council during the fiscal year. The General Fund Amended Budget revenues did not change from the Adopted Budget. In fiscal year 2009, less than 1% (\$60,000) in additional appropriations was approved in the General Fund. The additional appropriations were established for a city-wide user fee study and the first year of maintenance related to the Eastern Riverside County Interoperable Communications Authority (ERICA) equipment.

Actual revenues were less than the final budgeted revenues by \$1.9 million, or 7.6%. The categories with the most significant dollar variances were taxes (\$3.5 million less) and development fees (\$1.5 million more). The other categories combined for a net amount of \$0.1 million in excess of budget. The significant dollar variances consisted of the following:

- Taxes were \$3.5 million less than the amount budgeted. Significant aspects of this variance are as follows:
 - ◊ Actual sales tax revenues were \$3.3 million less than the amount budgeted.
 - ◊ Utility users tax revenues were \$0.6 million. As this was the first year the tax was collected, no amount had been budgeted.
 - ◊ Actual transient occupancy taxes were \$0.4 million less than the amount budgeted.
 - ◊ Actual property tax revenues were \$0.4 million less than the amount budgeted.
- Development fees were \$1.5 million more than the amount budgeted. This was the result of the first year payments related to the Creekside and Heritage Park developments.

Actual expenditures were less than the final budgeted expenditures by \$2.1 million. Dollar variances between actual and budgeted expenditures by function were generally in the \$30 thousand to \$70 thousand range, except for general government and community development. The variances were \$1.3 million (or 15.8%) under budget in general government and \$0.6 million (or 18.9%) under budget in community development. The general government variance was the result of reduced non-departmental costs (\$1.0 million) and minor variances between budget and actual in other departments, while the community development variance was the result of reduced TUMF expenditures.

These deviations did not affect the City's liquidity or ability to provide future government services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2009, amount to \$159,259,338 (net of accumulated depreciation). Capital assets include land, buildings, equipment, vehicles, furniture and fixtures, and infrastructure (bridges, streets, traffic signals, streetlights, etc.). The net increase in the City's capital assets for the current fiscal year from the prior year restated balance was approximately \$11.4 million (an \$11.4 million, or 7.7%, increase for governmental activities and a negligible dollar, but a 47.6%, decrease for business-type activities) as shown in the following table.

**Change in Capital Assets, Net of Depreciation
June 30, 2009
(Dollars in thousands)**

| | Governmental Activities | | Business-type Activities | | Total | | |
|-----------------------------------|----------------------------|----------------|-----------------------------|-----------|----------------|----------------|---------------|
| | 2009 | 2008* | 2009 | 2008 | 2009 | 2008* | Change |
| Land | \$ 22,470 | 22,588 | - | - | 22,470 | 22,588 | (118) |
| Buildings and improvements | 17,400 | 17,399 | - | - | 17,400 | 17,399 | 1 |
| Structures and improvements | 6,314 | 6,752 | - | - | 6,314 | 6,752 | (438) |
| Vehicles, furniture and equipment | 5,593 | 5,125 | 21 | 40 | 5,614 | 5,165 | 449 |
| Infrastructure | 60,193 | 53,414 | - | - | 60,193 | 53,414 | 6,779 |
| Construction in progress | 47,268 | 42,569 | - | - | 47,268 | 42,569 | 4,699 |
| Total | <u>\$ 159,238</u> | <u>147,847</u> | <u>21</u> | <u>40</u> | <u>159,259</u> | <u>147,887</u> | <u>11,372</u> |

* As restated.

The major additions to capital assets during the year ended June 30, 2009 were as follows:

- Dream Homes sewer project (\$6.7 million)
- Date Palm / I-10 Interchange (\$1.5 million)
- Library restoration (\$1.1 million)
- Four other projects related streets, sidewalks and trails (\$1.8 million)

Major ongoing construction projects added the following costs to construction in progress during the year ended June 30, 2009:

- Sanitary sewers in the Cove assessment district (\$10.5 million)
- Cove area drainage (\$2.3 million)
- Perez Road rehabilitation (\$1.3 million)

Major capital improvement projects authorized as of year end included the following:

- Reconstruction of the Date Palm Drive/I-10 Interchange (\$24.0 million through 2013) - Reconstruct the existing Date Palm Drive/I-10 Interchange to accommodate traffic volumes through the year 2020.
- Cathedral Canyon bridge at Whitewater River (\$20.1 million through 2012) – Construct a new four-lane bridge on Cathedral Canyon Drive at the Whitewater River Channel to eliminate a low-flow crossing.

City of Cathedral City

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

- Date Palm Widening and Bridge Repair – North of I-10 to Varner Road (\$17.5 million through 2012) – To connect the Date Palm /I-10 interchange improvements to Varner Road, and will include arterial widening and bridge construction at Longs Canyon Creek.
- 5-Year Street/Road Reconstruction and Renovation Plan 2007 – 2011 (\$15.7 million through 2011) – Provide various crack sealing, slurry and crack seal, cap paving and/or total rehabilitation of various streets throughout the city.
- Ramon Road bridge and roadway widening (with Palm Springs) (\$9.1 million through 2012) – Construction to eliminate lane restriction, as well as a lane deficiency, and to improve the structure efficiency rating.
- East Palm Canyon Bridge at West Cathedral Canyon Channel (\$4.5 million through 2011) – Design and construction of a widened bridge structure and approach lane to accommodate six lanes and sidewalks on bridge, including a traffic signal at Bankside.
- Perez Road sewers (\$3.2 million through 2011) – Elimination of septic tanks in compliance with state mandate.

Additional information on the City's capital assets can be found in Note 7 to the financial statements.

Debt Administration

The City's debt obligations are in the form of lease revenue bonds, tax allocation bonds, limited obligation bonds, capital lease obligations, long-term loans and notes payable, accreted interest, compensated absences, claims and judgments, other post employment benefits, and deferred amounts for bond premiums and discounts. As of June 30, 2009, the City had \$253,019,967 of outstanding long-term debt related to governmental activities. During the year, \$6,457,136 of long-term debt was retired, while compensated absences, other post employment benefits and claims and judgments increased by a net of \$5,075,512, resulting in an overall net increase of 122.9%. Fiscal year 2009 was the first year the City was required to report other post employment benefits in accordance with GASB 45. This accounted for \$3.8 million of the net increase. An increase in the claims and judgments estimate accounted for another \$1.0 million. The City did not issue any new debt for the fiscal year ended June 30, 2009.

(This space intentionally left blank.

Management's Discussion and Analysis continues on the next page.)

The following table summarizes the City's outstanding debt at June 30, 2009:

Change in Long-Term Liabilities
June 30, 2009
(Dollars in thousands)

| | Governmental Activities | | |
|-----------------------------------|----------------------------|----------------|--------------|
| | 2009 | 2008* | Change |
| Lease revenue bonds | \$ 5,255 | 5,655 | (400) |
| Tax allocation bonds | 219,061 | 222,751 | (3,690) |
| Limited obligation bonds | 6,835 | 9,070 | (2,235) |
| Capital lease obligations | 1,181 | 1,305 | (124) |
| Long-term loans and notes payable | 9,758 | 9,234 | 524 |
| Accreted interest payable | 1,542 | 1,323 | 219 |
| Compensated absences | 3,143 | 2,913 | 230 |
| Other post employment benefits | 3,810 | - | 3,810 |
| Claims and judgments | 2,262 | 1,227 | 1,035 |
| Deferred amounts | 173 | 181 | (8) |
| Total | <u>\$ 253,020</u> | <u>253,659</u> | <u>(639)</u> |

* As restated.

Additional information on the City's long-term debt can be found in Note 8 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Below is the contact information if you have questions about this report or need additional financial information.

City of Cathedral City
Finance Department
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234

This page intentionally left blank.



Boomers!



Basic Financial Statements



This page intentionally left blank.



City of Cathedral City
Statement of Net Assets
June 30, 2009

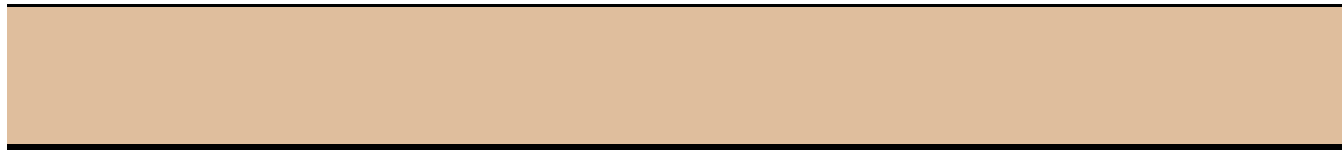
| | Primary Government | | |
|---|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and investments | \$ 91,844,392 | 72,210 | 91,916,602 |
| Interest receivable | 554,773 | - | 554,773 |
| Accounts receivable | 3,032,227 | 2,727 | 3,034,954 |
| Loans receivable | 11,879,632 | - | 11,879,632 |
| Prepaid expenses | 19,521 | - | 19,521 |
| Inventories | 23,930 | - | 23,930 |
| Other assets | 5,680,330 | - | 5,680,330 |
| Deposits | 2,982,483 | - | 2,982,483 |
| Advances to other agencies | 6,983,983 | - | 6,983,983 |
| Investments held in trust | 6,818,370 | - | 6,818,370 |
| Land held for resale | 41,720,912 | - | 41,720,912 |
| Restricted cash and investments | 68,000,967 | - | 68,000,967 |
| Capital assets: | | | |
| Not being depreciated | 69,738,164 | - | 69,738,164 |
| Being depreciated, net | 89,500,305 | 20,869 | 89,521,174 |
| Total assets | 398,779,989 | 95,806 | 398,875,795 |
| Liabilities | | | |
| Accounts payable | 5,073,739 | 33,127 | 5,106,866 |
| Accrued liabilities | - | 22,672 | 22,672 |
| Intergovernmental payable | 6,660 | - | 6,660 |
| Insurance payable | 250,000 | - | 250,000 |
| Deposits | 667,837 | 3,266 | 671,103 |
| Unearned revenue | 879,832 | - | 879,832 |
| Interest payable | 4,753,092 | - | 4,753,092 |
| Noncurrent liabilities: | | | |
| Due within one year | 7,874,589 | - | 7,874,589 |
| Due in more than one year | 245,145,378 | - | 245,145,378 |
| Total liabilities | 264,651,127 | 59,065 | 264,710,192 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 24,532,758 | 20,869 | 24,553,627 |
| Restricted for: | | | |
| Capital projects | 64,810,895 | - | 64,810,895 |
| Debt service | 22,696,134 | - | 22,696,134 |
| Community development | 54,221,147 | - | 54,221,147 |
| Other purposes | 3,303,158 | - | 3,303,158 |
| Unrestricted | (35,435,230) | 15,872 | (35,419,358) |
| Total net assets | \$ 134,128,862 | 36,741 | 134,165,603 |

The notes to the financial statements are an integral part of this statement.

City of Cathedral City
Statement of Activities
Year ended June 30, 2009

| | | Program Revenues | | |
|--|---------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | Expenses | | | |
| Functions/Programs | | | | |
| Governmental activities: | | | | |
| General government | \$ 10,029,504 | 3,311,095 | 193,195 | - |
| Community development | 25,819,066 | 752,355 | 452,163 | 2,109,571 |
| Culture and recreation | 58,248 | - | - | - |
| Public safety | 25,159,900 | 2,621,777 | 403,932 | 269,469 |
| Public works | 6,608,321 | 309,591 | 2,372,497 | - |
| Interest on long-term debt | 12,190,381 | - | - | - |
| Total governmental activities | 79,865,420 | 6,994,818 | 3,421,787 | 2,379,040 |
| Business-type activities: | | | | |
| Education | 1,208,066 | 936,495 | 250,000 | - |
| Total business-type activities | 1,208,066 | 936,495 | 250,000 | - |
| Total primary government | \$ 81,073,486 | 7,931,313 | 3,671,787 | 2,379,040 |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Utility users taxes | | | | |
| Other taxes | | | | |
| Franchise fees | | | | |
| Interest and investment earnings | | | | |
| Insurance proceeds | | | | |
| Miscellaneous | | | | |
| Total general revenues | | | | |
| Change in net assets | | | | |
| Net assets at beginning of year, as restated | | | | |
| Net assets at end of year | | | | |

The notes to financial statements are an integral part of this statement.



| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|--------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| (6,525,214) | - | (6,525,214) |
| (22,504,977) | - | (22,504,977) |
| (58,248) | - | (58,248) |
| (21,864,722) | - | (21,864,722) |
| (3,926,233) | - | (3,926,233) |
| (12,190,381) | - | (12,190,381) |
| (67,069,775) | - | (67,069,775) |
| - | (21,571) | (21,571) |
| - | (21,571) | (21,571) |
| (67,069,775) | (21,571) | (67,091,346) |
| 33,048,969 | - | 33,048,969 |
| 6,164,573 | - | 6,164,573 |
| 634,762 | - | 634,762 |
| 1,633,296 | - | 1,633,296 |
| 1,995,093 | - | 1,995,093 |
| 4,934,366 | - | 4,934,366 |
| 683,337 | - | 683,337 |
| 2,254,438 | - | 2,254,438 |
| 51,348,834 | - | 51,348,834 |
| (15,720,941) | (21,571) | (15,742,512) |
| 149,849,803 | 58,312 | 149,908,115 |
| \$ 134,128,862 | 36,741 | 134,165,603 |

Functions/Programs

Governmental activities:

General government
Community development
Culture and recreation
Public safety
Public works
Interest on long-term debt
Total governmental activities

Business-type activities:

Education
Total business-type activities
Total primary government

General revenues:

Taxes:

Property taxes
Sales taxes
Utility users taxes
Other taxes
Franchise fees
Interest and investment earnings
Insurance proceeds
Miscellaneous

Total general revenues and

Change in net assets

Net assets at beginning of year, as restated

Net assets at end of year

**City of Cathedral City
Balance Sheet
Governmental Funds
June 30, 2009**

| | Debt Service | | |
|--|----------------------|--------------------------------|----------------------------------|
| | General | Redevelopment Agency Area 3 | Public Financing Authority |
| Assets | | | |
| Cash and investments | \$ 9,774,949 | 14,629,483 | - |
| Interest receivable | 79,168 | 76,211 | - |
| Accounts receivable | 1,839,329 | 551 | - |
| Loans receivable | 3,810,276 | - | - |
| Due from other funds | 4,564,997 | - | - |
| Prepaid assets | 16,267 | - | - |
| Deposits | - | - | - |
| Advances to other agencies | - | - | - |
| Investments held in trust | - | - | 6,818,370 |
| Land held for resale | - | - | - |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | - | - | - |
| Held with fiscal agent | - | - | 3,040,409 |
| Total assets | <u>\$ 20,084,986</u> | <u>14,706,245</u> | <u>9,858,779</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,460,783 | - | - |
| Intergovernmental payable | - | - | - |
| Deposits from others | 73,123 | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>1,533,906</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| Advances to other agencies | - | - | - |
| Debt service | - | 14,706,245 | 3,040,409 |
| Deposits | - | - | - |
| Land held for resale | - | - | - |
| Loans receivable | 3,810,276 | - | - |
| Low and moderate housing | - | - | - |
| Microfilm fees | 341,037 | - | - |
| Prepaid assets | 16,267 | - | - |
| Investments held in trust for debt service | - | - | 6,818,370 |
| Unreserved - designated for: | | | |
| Subsequent year's expenditures | 5,881,873 | - | - |
| Unreserved - undesignated, reported in: | | | |
| General fund | 8,501,627 | - | - |
| Special revenue funds | - | - | - |
| Capital projects funds | - | - | - |
| Total fund balances (deficits) | <u>18,551,080</u> | <u>14,706,245</u> | <u>9,858,779</u> |
| Total liabilities and fund balances | <u>\$ 20,084,986</u> | <u>14,706,245</u> | <u>9,858,779</u> |

(continued)



| Capital Projects | | |
|---------------------------------|------------------------------|---------------|
| Areawide Capital Projects | Assessment District 04-02 | 2007 TAB B |
| 978 | 2,403,889 | 2,300,626 |
| - | - | 43,440 |
| - | - | 20 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | 1,500,000 |
| - | - | 6,983,983 |
| - | - | - |
| - | - | 13,685,200 |
| - | - | 26,243,000 |
| - | 2,864,529 | - |
| 978 | 5,268,418 | 50,756,269 |
| 253,503 | 1,041,815 | 373,315 |
| - | - | - |
| - | - | - |
| 4,387,543 | - | - |
| 147,523 | - | - |
| 4,788,569 | 1,041,815 | 373,315 |
| - | - | 6,983,983 |
| - | - | - |
| - | - | 1,500,000 |
| - | - | 13,685,200 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| (4,787,591) | 4,226,603 | 28,213,771 |
| (4,787,591) | 4,226,603 | 50,382,954 |
| 978 | 5,268,418 | 50,756,269 |

Assets

Cash and investments
 Interest receivable
 Accounts receivable
 Loans receivable
 Due from other funds
 Prepaid assets
 Deposits
 Advances to other agencies
 Investments held in trust
 Land held for resale
 Restricted cash and investments:
 Held with Redevelopment Agency
 Held with fiscal agent
 Total assets

Liabilities and Fund Balances

Liabilities:
 Accounts payable
 Intergovernmental payable
 Deposits from others
 Due to other funds
 Deferred revenue
 Total liabilities
 Fund balances:
 Reserved for:
 Advances to other agencies
 Debt service
 Deposits
 Land held for resale
 Loans receivable
 Low and moderate housing
 Microfilm fees
 Prepaid assets
 Investments held in trust for debt service
 Unreserved - designated for:
 Subsequent year's expenditures
 Unreserved - undesignated, reported in:
 General fund
 Special revenue funds
 Capital projects funds
 Total fund balances (deficits)
 Total liabilities and fund balances

City of Cathedral City
Balance Sheet
Governmental Funds
June 30, 2009 (continued)

| | <u>Capital Projects</u> | | |
|--|-------------------------|---------------------------|--------------------|
| | <u>2007 TAB C</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
| Assets | | | |
| Cash and investments | \$ 3,017,957 | 51,324,169 | 83,452,051 |
| Interest receivable | 39,448 | 275,912 | 514,179 |
| Accounts receivable | - | 1,192,297 | 3,032,197 |
| Loans receivable | - | 8,069,356 | 11,879,632 |
| Due from other funds | - | - | 4,564,997 |
| Prepaid assets | - | 3,254 | 19,521 |
| Deposits | - | 250,000 | 1,750,000 |
| Advances to other agencies | - | - | 6,983,983 |
| Investments held in trust | - | - | 6,818,370 |
| Land held for resale | 2,357,196 | 25,678,516 | 41,720,912 |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | 19,795,000 | 12,897,000 | 58,935,000 |
| Held with fiscal agent | - | 3,161,029 | 9,065,967 |
| Total assets | <u>\$ 25,209,601</u> | <u>102,851,533</u> | <u>228,736,809</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 48,577 | 1,821,296 | 4,999,289 |
| Intergovernmental payable | - | 6,660 | 6,660 |
| Deposits from others | - | 594,714 | 667,837 |
| Due to other funds | - | 286,649 | 4,674,192 |
| Deferred revenue | - | 1,392,165 | 1,539,688 |
| Total liabilities | <u>48,577</u> | <u>4,101,484</u> | <u>11,887,666</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| Advances to other agencies | - | - | 6,983,983 |
| Debt service | - | 5,058,322 | 22,804,976 |
| Deposits | - | 250,000 | 1,750,000 |
| Land held for resale | 2,357,196 | 25,678,516 | 41,720,912 |
| Loans receivable | - | 7,409,333 | 11,219,609 |
| Low and moderate housing | - | 8,291,182 | 8,291,182 |
| Microfilm fees | - | - | 341,037 |
| Prepaid assets | - | 3,254 | 19,521 |
| Investments held in trust for debt service | - | - | 6,818,370 |
| Unreserved - designated for: | | | |
| Subsequent year's expenditures | - | 978,532 | 6,860,405 |
| Unreserved - undesignated, reported in: | | | |
| General fund | - | - | 8,501,627 |
| Special revenue funds | - | 4,720,731 | 4,720,731 |
| Capital projects funds | 22,803,828 | 46,360,179 | 96,816,790 |
| Total fund balances (deficits) | <u>25,161,024</u> | <u>98,750,049</u> | <u>216,849,143</u> |
| Total liabilities and fund balances | <u>\$ 25,209,601</u> | <u>102,851,533</u> | <u>228,736,809</u> |

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009

| | | |
|---|-----------------------|-----------------------|
| Total fund balances - governmental funds | | \$ 216,849,143 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| <ul style="list-style-type: none"> Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets of the internal service funds of \$4,405,583 are included in the internal service funds adjustment below. | | 154,832,886 |
| Capital assets, at historical cost | \$ 216,053,218 | |
| Accumulated depreciation | <u>(61,220,332)</u> | |
| | <u>\$ 154,832,886</u> | |
| ----- | | |
| <ul style="list-style-type: none"> Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities of the internal service funds of \$2,262,286 are included in the internal service fund adjustment below. | | (250,757,681) |
| Bonds, loans and capital leases payable | \$243,631,726 | |
| Premium/discount on bonds | 173,110 | |
| Compensated absences | 3,142,708 | |
| Other post employment benefits | <u>3,810,137</u> | |
| | <u>\$250,757,681</u> | |
| ----- | | |
| <ul style="list-style-type: none"> Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. | | (4,753,092) |
| ----- | | |
| <ul style="list-style-type: none"> Other long-term assets that are not considered available to pay for current expenditures are not reported in the governmental funds. | | 5,680,330 |
| ----- | | |
| <ul style="list-style-type: none"> Deferred revenue recognized under the accrual method of accounting. Deferred revenue of the internal service funds of \$167 is included in the internal service fund adjustment below. | | 660,023 |
| ----- | | |
| <ul style="list-style-type: none"> Internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets. | | 11,617,253 |
| ----- | | |
| Net assets of governmental activities | | <u>\$ 134,128,862</u> |

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2009

| | | Debt Service | |
|--|---------------|--------------------------------|----------------------------------|
| | General | Redevelopment Agency Area 3 | Public Financing Authority |
| Revenues | | | |
| Taxes | \$ 15,994,362 | 16,185,861 | - |
| Intergovernmental | 179,523 | - | - |
| Licenses and permits | 875,795 | - | - |
| Fines and forfeitures | 298,537 | - | - |
| Charges for services | 3,698,391 | - | - |
| Special assessments | - | - | - |
| Development fees | 1,500,000 | - | - |
| Revenues from use of money and property | 866,328 | 266,783 | 562,504 |
| Miscellaneous | 205,272 | - | - |
| Total revenues | 23,618,208 | 16,452,644 | 562,504 |
| Expenditures | | | |
| Current: | | | |
| General government | 6,697,112 | - | - |
| Community development | 2,771,652 | 427,349 | - |
| Culture and recreation | 139,694 | - | - |
| Public safety | 21,443,413 | - | - |
| Public works | 1,140,350 | - | - |
| Capital outlay | 112,522 | - | - |
| Payments under pass-through agreements | - | 5,210,656 | - |
| Debt service: | | | |
| Principal | - | - | 4,090,000 |
| Interest | - | - | 11,171,363 |
| Other debt-related costs | - | 20,239 | - |
| Total expenditures | 32,304,743 | 5,658,244 | 15,261,363 |
| Excess (deficiency) of revenues over (under) expenditures | (8,686,535) | 10,794,400 | (14,698,859) |
| Other financing sources (uses) | | | |
| Transfers in | 7,249,124 | - | 15,173,410 |
| Transfers out | (1,167,847) | (10,319,007) | (2,757,277) |
| Proceeds from sale of capital assets | 257,191 | - | - |
| Total other financing sources (uses) | 6,338,468 | (10,319,007) | 12,416,133 |
| Net change in fund balances | (2,348,067) | 475,393 | (2,282,726) |
| Fund balances (deficits), beginning, as restated | 20,899,147 | 14,230,852 | 12,141,505 |
| Fund balances (deficits), ending | \$ 18,551,080 | 14,706,245 | 9,858,779 |

(continued)



| Capital Projects | | | |
|---------------------------------|------------------------------|---------------|--|
| Areawide Capital Projects | Assessment District 04-02 | 2007 TAB B | |
| - | - | - | Revenues |
| 2,109,571 | - | - | Taxes |
| - | - | - | Intergovernmental |
| - | - | - | Licenses and permits |
| - | - | - | Fines and forfeitures |
| - | - | - | Charges for services |
| - | - | - | Special assessments |
| - | - | - | Development fees |
| - | 320,208 | 502,921 | Revenues from use of money and property |
| 80,089 | 7,103 | - | Miscellaneous |
| 2,189,660 | 327,311 | 502,921 | Total revenues |
| | | | Expenditures |
| | | | Current: |
| - | - | - | General government |
| 848,803 | 2,141,126 | 126,942 | Community development |
| 77,487 | - | - | Culture and recreation |
| - | - | - | Public safety |
| - | - | - | Public works |
| 3,970,726 | 7,767,020 | 3,039 | Capital outlay |
| - | - | - | Payments under pass-through agreements |
| | | | Debt service: |
| 124,485 | - | - | Principal |
| 53,515 | - | - | Interest |
| - | - | - | Other debt-related costs |
| 5,075,016 | 9,908,146 | 129,981 | Total expenditures |
| (2,885,356) | (9,580,835) | 372,940 | Excess (deficiency) of revenues over (under) expenditures |
| | | | Other financing sources (uses) |
| 192,657 | 550,000 | - | Transfers in |
| (3,300) | - | - | Transfers out |
| - | - | - | Proceeds from sale of capital assets |
| 189,357 | 550,000 | - | Total other financing sources (uses) |
| (2,695,999) | (9,030,835) | 372,940 | Net change in fund balances |
| (2,091,592) | 13,257,438 | 50,010,014 | Fund balances (deficits), beginning, as restated |
| (4,787,591) | 4,226,603 | 50,382,954 | Fund balances (deficits), ending |

City of Cathedral City
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2009 (continued)

| | <u>Capital Projects</u> | | |
|--|-------------------------|---------------------------|---------------------|
| | <u>2007 TAB C</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
| Revenues | | | |
| Taxes | \$ - | 11,296,470 | 43,476,693 |
| Intergovernmental | - | 3,689,843 | 5,978,937 |
| Licenses and permits | - | - | 875,795 |
| Fines and forfeitures | - | 576,231 | 874,768 |
| Charges for services | - | 747,758 | 4,446,149 |
| Special assessments | - | 386,215 | 386,215 |
| Development fees | - | 10,049 | 1,510,049 |
| Revenues from use of money and property | 384,277 | 2,063,595 | 4,966,616 |
| Miscellaneous | - | 464,315 | 756,779 |
| Total revenues | <u>384,277</u> | <u>19,234,476</u> | <u>63,272,001</u> |
| Expenditures | | | |
| Current: | | | |
| General government | - | - | 6,697,112 |
| Community development | 1,677,749 | 8,481,872 | 16,475,493 |
| Culture and recreation | - | - | 217,181 |
| Public safety | - | 1,359,999 | 22,803,412 |
| Public works | - | 2,026,529 | 3,166,879 |
| Capital outlay | 3,528,006 | 2,871,077 | 18,252,390 |
| Payments under pass-through agreements | - | 895,901 | 6,106,557 |
| Debt service: | | | |
| Principal | - | 2,235,000 | 6,449,485 |
| Interest | - | 330,730 | 11,555,608 |
| Other debt-related costs | - | 17,869 | 38,108 |
| Total expenditures | <u>5,205,755</u> | <u>18,218,977</u> | <u>91,762,225</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,821,478)</u> | <u>1,015,499</u> | <u>(28,490,224)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 3,300 | 11,213,299 | 34,381,790 |
| Transfers out | (14,657) | (20,474,929) | (34,737,017) |
| Proceeds from sale of capital assets | - | - | 257,191 |
| Total other financing sources (uses) | <u>(11,357)</u> | <u>(9,261,630)</u> | <u>(98,036)</u> |
| Net change in fund balances | <u>(4,832,835)</u> | <u>(8,246,131)</u> | <u>(28,588,260)</u> |
| Fund balances (deficits), beginning, as restated | <u>29,993,859</u> | <u>106,996,180</u> | <u>245,437,403</u> |
| Fund balances (deficits), ending | <u>\$ 25,161,024</u> | <u>98,750,049</u> | <u>216,849,143</u> |

The notes to financial statements are an integral part of this statement.

City of Cathedral City

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2009**

Net change in fund balances - total governmental funds \$ (28,588,260)

Amounts reported for governmental activities in the Statement of Activities are different because:

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation. 10,863,088

| | | |
|----------------------|----|-----------------------------|
| Capital outlay | \$ | 15,868,869 |
| Depreciation expense | | <u>(5,005,781)</u> |
| | | <u><u>\$ 10,863,088</u></u> |

- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents long-term debt repayments. 6,449,485

- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (56,871)

- Under the modified accrual basis of accounting, expenditures are not recognized for transactions that normally are not paid with expendable available financial resources. Compensated absences and claims and judgments are common examples. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. (4,906,413)

| | | |
|---|----|------------------------------|
| Change in compensated absences accrual | \$ | (229,818) |
| Change in interest on long-term debt accrual | | (642,424) |
| Change in bond issuance costs amortized over the remaining life of the debt | | (231,685) |
| Change in bond premium/discount amortized over the remaining life of the debt | | 7,651 |
| Change in other post employment benefits accrual | | <u>(3,810,137)</u> |
| | | <u><u>\$ (4,906,413)</u></u> |

- Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. Internal service funds are reported with governmental activities. 518,030

Change in net assets of governmental activities \$ (15,720,941)

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Net Assets
Proprietary Funds
June 30, 2009

| | Business-type Activities - Nonmajor <u>Enterprise Fund</u> | Governmental Activities - Internal <u>Service Funds</u> |
|--|---|--|
| | <u>Cathedral City Downtown Foundation</u> | |
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 72,210 | 8,392,341 |
| Interest receivable | - | 40,594 |
| Accounts receivable | 2,727 | 30 |
| Due from other funds | - | 109,195 |
| Deposits with PERMA | - | 1,232,483 |
| Inventories | - | 23,930 |
| Total current assets | <u>74,937</u> | <u>9,798,573</u> |
| Capital assets: | | |
| Vehicles | - | 8,708,572 |
| Equipment | 132,947 | - |
| Accumulated depreciation | <u>(112,078)</u> | <u>(4,302,989)</u> |
| Total capital assets (net of accumulated depreciation) | <u>20,869</u> | <u>4,405,583</u> |
| Total assets | <u>\$ 95,806</u> | <u>14,204,156</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 33,127 | 74,450 |
| Accrued liabilities | 22,672 | - |
| Deposits | 3,266 | - |
| Claims payable | - | 500,000 |
| Insurance payable | - | 250,000 |
| Unearned revenue | - | 167 |
| Total current liabilities | <u>59,065</u> | <u>824,617</u> |
| Noncurrent liabilities: | | |
| Claims payable | - | 1,762,286 |
| Total noncurrent liabilities | <u>-</u> | <u>1,762,286</u> |
| Total liabilities | <u>59,065</u> | <u>2,586,903</u> |
| Net assets: | | |
| Invested in capital assets | 20,869 | 4,405,583 |
| Unrestricted | <u>15,872</u> | <u>7,211,670</u> |
| Total net assets | <u>36,741</u> | <u>11,617,253</u> |
| Total liabilities and net assets | <u>\$ 95,806</u> | <u>14,204,156</u> |

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2009

| | Business-type Activities - Nonmajor Enterprise Fund | Governmental Activities - Internal Service Funds |
|--------------------------------|--|---|
| | Cathedral City Downtown Foundation | |
| Operating revenues | | |
| Charges for services | \$ 936,495 | 6,608,954 |
| Total operating revenues | 936,495 | 6,608,954 |
| Operating expenses | | |
| Insurance claims and expenses | - | 6,528,231 |
| Minor equipment | - | 31,174 |
| Costs of sales and services | 523,753 | - |
| Administration | 665,350 | - |
| Depreciation | 18,963 | 800,456 |
| Other expenses | - | 7,622 |
| Total expenses | 1,208,066 | 7,367,483 |
| Operating loss | (271,571) | (758,529) |
| Nonoperating revenues | | |
| Interest and investment income | - | 258,402 |
| Insurance recovery | - | 683,337 |
| Intergovernmental | 250,000 | - |
| Loss on sale of capital assets | - | (20,407) |
| Total nonoperating revenues | 250,000 | 921,332 |
| Income (loss) before transfers | (21,571) | 162,803 |
| Transfers | | |
| Transfers in | - | 355,227 |
| Total transfers | - | 355,227 |
| Change in net assets | (21,571) | 518,030 |
| Net assets, beginning | 58,312 | 11,099,223 |
| Net assets, ending | \$ 36,741 | 11,617,253 |

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

| | Business-type Activities - Nonmajor Enterprise Fund | Governmental Activities - Internal Service Funds |
|---|--|---|
| | Cathedral City Downtown Foundation | |
| Cash flows from operating activities | | |
| Receipts from customers and user departments | \$ 941,837 | 6,908,775 |
| Payments to suppliers for goods and services | (1,003,435) | (6,629,087) |
| Payments to employees | (209,559) | - |
| Other receipts | 1,644 | 457,434 |
| Net cash provided by (used in) operating activities | (269,513) | 737,122 |
| Cash flows from noncapital financing activities | | |
| Intergovernmental revenues | 250,000 | - |
| Transfers from other funds | - | 355,227 |
| Net cash provided by noncapital financing activities | 250,000 | 355,227 |
| Cash flows from capital and related financing activities | | |
| Purchase of capital assets | - | (1,351,939) |
| Insurance recovery proceeds | - | 683,337 |
| Proceeds from sale of capital assets | - | 2,629 |
| Net cash used in capital and related financing activities | - | (665,973) |
| Cash flows from investing activities | | |
| Interest received on investments | - | 280,364 |
| Net cash provided by investing activities | - | 280,364 |
| Net increase (decrease) in cash and cash equivalents | (19,513) | 706,740 |
| Cash and cash equivalents at beginning of year | 91,723 | 7,685,601 |
| Cash and cash equivalents at end of year | \$ 72,210 | 8,392,341 |
| Reconciliation of operating loss to net cash provided by (used in) operating activities | | |
| Operating loss | \$ (271,571) | (758,529) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 18,963 | 800,456 |
| (Increase) decrease in accounts receivable | 7,616 | 9,034 |
| (Increase) decrease in due from other funds | - | (109,195) |
| (Increase) decrease in prepaid assets | 7,537 | 1,135,022 |
| (Increase) decrease in deposits | - | (1,232,483) |
| (Increase) decrease in inventories | - | 2,635 |
| Increase (decrease) in claims payable | - | 1,035,557 |
| Increase (decrease) in accounts payable | (51,605) | (145,542) |
| Increase (decrease) in accrued liabilities | 19,635 | - |
| Increase (decrease) in deferred revenue | - | 167 |
| Increase (decrease) in deposits | (88) | - |
| Total adjustments | 2,058 | 1,495,651 |
| Net cash provided by (used in) operating activities | \$ (269,513) | 737,122 |
| Noncash investing, capital, and financing activities | | |
| Capital asset trade-ins | \$ - | 75,000 |

The notes to financial statements are an integral part of this statement.

City of Cathedral City
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

| | Agency Funds |
|--|-----------------------------|
| Assets | |
| Cash and investments | \$ 8,652,205 |
| Interest receivable | 62,024 |
| Special assessments receivable | 50,620,941 |
| Restricted assets: | |
| Cash and investments with fiscal agent | <u>7,063,853</u> |
| Total assets | <u><u>\$ 66,399,023</u></u> |
| Liabilities | |
| Accounts payable | \$ 7,085 |
| Due to bondholders | <u>66,391,938</u> |
| Total liabilities | <u><u>\$ 66,399,023</u></u> |

The notes to financial statements are an integral part of this statement.

This page intentionally left blank.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting entity

The City of Cathedral City (the “City”) was incorporated under the general laws of the State of California and enjoys all the rights and privileges pertaining to such “general law” cities. The City operates under a Council-Manager form of government and the City Council is composed of five members. Among the services provided by the City are the following: police and fire protection, public works, construction and maintenance of roads and highways, planning and zoning, community development, and general administrative support.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

Blended component units

The Cathedral City Redevelopment Agency, Cathedral City Public Financing Authority and Cathedral City Downtown Foundation component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and data from these units are reported with the data of the City.

Cathedral City Redevelopment Agency – The Cathedral City Redevelopment Agency (the “Agency”) was established on December 2, 1981, pursuant to the State of California Health and Safety Code, Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out the Redevelopment Plan for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Cathedral City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Separate financial statements of the Agency can be obtained at City Hall.

Cathedral City Public Financing Authority – The Cathedral City Public Financing Authority (the “Authority”) was established on December 1, 1993, for the purpose of financing public capital improvements. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. The City of Cathedral City does not produce separate financial statements for the Authority.

Cathedral City Downtown Foundation – The Cathedral City Downtown Foundation (the “Foundation”) was incorporated on December 21, 2000, as a nonprofit public benefit corporation under IRS Section 501(c)(3). The purpose of the Foundation is to operate educational facilities and/or attractions in the City of Cathedral City Downtown Area, to instruct the public on subjects useful to the individual and beneficial to the community, and to encourage and raise monetary and/or in lieu contributions via gifts, endowments and bequests for the purpose of enhancing and/or improving those services, facilities, and equipment currently provided at Cathedral City’s IMAX Theatre. Even though it is legally separate, it is reported as if it were part of the City because it is a blended component unit of the Agency, and the Agency Directors (City Council) also serve as the governing board of the Foundation. It is shown as a proprietary fund type (enterprise fund) in the

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

financial statements. The City of Cathedral City does not produce separate financial statements for the Foundation.

Government-wide and fund financial statements

The City's Comprehensive Annual Financial Report (CAFR) is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The basic financial statements include the government-wide financial statements, the fund financial statements and the notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency fund financial statements are reported on the *accrual basis of accounting*, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable

and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

Property and sales taxes, charges for services, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available, spendable resources," since they do not represent net current assets. Noncurrent portions of long-term receivables are either reported as deferred revenue or offset by fund balance reserve accounts.

The City's agency funds are fiduciary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. The General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

For reporting purposes, the General Fund includes the following funds: General (Fund 100) and Big League Dreams (Fund 431). The Big League Dreams fund accounts for the loan made by the City to the developer for constructing the sports complex (Big League Dreams).

Redevelopment Agency Area 3 Fund (Debt Service) – This fund accounts for debt service expenditures on long-term indebtedness of the Agency for capital projects constructed in Project Area No. 3.

Public Financing Authority Fund (Debt Service) – This fund accounts for the proceeds of specific revenues, including bonds, and debt service expenditures related to the long-term indebtedness of the Authority.

Areawide Capital Projects Fund – This fund accounts for citywide capital projects not otherwise budgeted for in another fund.

Assessment District 04-02 Fund (Capital Projects) – Accounts for improvements within Assessment District 04-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

2007 TAB B Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series B.

2007 TAB C Fund (Capital Projects) – This fund accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series C.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

Debt service funds are used to account for tax increment revenues, bond proceeds required to be set aside for future debt service, and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City, the Agency, and the Authority.

Capital projects funds are used to account for financial resources to be used for development and redevelopment projects within the city. Such projects include street improvements, parks, and Agency activity.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

Internal service funds, which are proprietary funds, are used to finance and account for the purchase of major equipment items and motor vehicles, and to account for the cost of insurance. Such costs are accumulated in these funds and charged to the user departments on an estimated cost reimbursement basis.

Agency funds, which are fiduciary funds, are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the business-type activities of the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to members, customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds (enterprise and internal service funds) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then use unrestricted resources as needed.

Financial statement elements

Cash and investments – City investments are recorded at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms

that are not affected by changes in market rates. The City pools cash resources from all funds, except those held by fiscal agents, in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's cash and investment balance at the end of a quarter. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year. Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity or sale of investments.

The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF) was established under California State Statute. LAIF has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF is not registered with the Securities and Exchange Commission and falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

For purposes of the statement of cash flows, *cash and cash equivalents* are defined as short-term (maturing within three months), highly-liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. The entire balance of cash and investments on the statement of net assets for the proprietary funds is considered *cash and cash equivalents* for purposes of the statement of cash flows.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for deposit and investment risks are specified in the following areas:

- ◇ Credit risk:
 - Overall credit risk
 - Custodial credit risk
 - Concentration of credit risk
- ◇ Interest rate risk
- ◇ Foreign currency risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly-sensitive investments, credit quality at year-end, and other disclosures.

Receivables and payables – Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets.

Loans receivable include amounts loaned to support low and moderate income housing units. Loans receivable also include amounts loaned to developers for various projects throughout the city.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans)

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, if reported in the fund financial statements, are offset by a reservation of fund balance for non-current assets in governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories – Inventories recorded in the proprietary funds consist of fuel for City vehicles. The City values proprietary funds inventory at average cost and expenses fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net assets.

Prepaid assets – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land held for resale – The Agency has acquired parcels of land as part of their primary purpose to develop or redevelop blighted areas. These parcels have been recorded as *land held for resale* in the financial records. The properties held for resale are recorded at the lower of cost or net realizable value, determined upon the execution of a disposition and development agreement. Land held for resale that is disposed of through a sales agreement at an agreed upon price is accounted for by recording the resulting gain or loss on the sale. Land held for resale that is given to a developer under a disposition agreement is accounted for by recording an expenditure for developer assistance. At June 30, 2009, land held for resale with a cost of \$41,720,912 was recorded, with a corresponding reservation of fund balance in the governmental funds financial statements.

Restricted assets – Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets and balance sheet because their use is limited by applicable bond covenants.

Investments held in trust – Investments held in trust represent the investments (special assessment district bonds) purchased and held by the Authority for repayment of certain special assessment district debt.

Capital assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (vehicles, machinery and equipment), \$10,000 (land and land improvements) or \$50,000 (buildings, structures and infrastructure) and an estimated life in excess of one year. Capital assets of the Foundation, a blended component unit of the City, are defined as assets with an initial cost of more than \$2,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement

of the related fund. In governmental funds, the sale of capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|---------------|
| Buildings and improvements | 30 years |
| Structures and improvements | 20 years |
| Vehicles, machinery and equipment | 5 - 10 years |
| Infrastructure | 10 - 50 years |

Capital assets (machinery and equipment) of the Foundation are depreciated using the straight-line method over an estimated useful life of 5 years.

Deferred revenue – Deferred revenue in governmental funds arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has legal claim to them, (i.e., when grant monies are received prior to incurring qualifying expenditures).

Long-term obligations – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are reported in the government-wide financial statements as *other assets* while bond premiums and discounts are reported as *noncurrent liabilities*.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Compensated absences – Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Annual vacation hours earned by each employee ranges from 96 to 324 hours. Employees can carry forward unused vacation hours up to twice the annual earned amount for use in a subsequent year. There is no limit for non-represented employees.

Regular status City employees earn sick leave based upon their respective MOU. Sick leave is earned at a rate of either 3.69 or 5.54 hours per pay period. Hours that can be carried forward for use in a subsequent year range from 580 to 1,440.

Upon termination or retirement, regular status employees are entitled to receive compensation at their current base salary for all unused vacation leave. Effective July 1, 1987, employees with continuous employment may receive compensation for unused sick leave when they resign or retire. Continuous employment is defined as either three to seven years or five to nine years, depending upon an employee's respective MOU.

Employees with continuous employment of greater than three, five, seven or nine years may receive compensation for 25%, 50% or 100% of sick leave when they resign or retire, depending upon their respective MOU. The City has utilized the vesting method to record the estimated portion of sick leave balances that are likely to be paid immediately following the employee's resignation or retirement.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee. The General Fund is generally used to liquidate the liability for compensated absences.

If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental funds employees that have terminated prior to year end. All other amounts are recorded in long-term debt. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

Property taxes – Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes that are received within 60 days after year end.

| | |
|-------------------|--|
| Lien Date: | January 1 |
| Levy Date: | July 1 |
| Due Date: | November 1 – 1 st Installment February 1 – 2 nd Installment |
| Delinquent After: | December 10 – 1 st Installment April 10 – 2 nd Installment |

Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

| | |
|----------|------------------|
| December | 30% Advance |
| January | Collection No. 1 |
| April | 10% Advance |
| May | Collection No. 2 |
| July | Collection No. 3 |

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the tax levy and Riverside County has responsibility for the collection of any delinquent taxes.

Enrollment in group insurance plans – post-retirement – Employees retiring from the City may elect within two months after retirement to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under the California Public Employees' Retirement System (CalPERS); (2) have at least five years service with the City; and (3) have reached at least age 55, or age 50 for public safety. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated MOU at the time of retirement.

As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health programs as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

City employees retiring under the CalPERS Retirement Program with five years of continuous employment with the City can, at their own expense, pay for the group life insurance.

Claims and judgments – The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims incurred but not reported are recorded as a liability when the liability has been incurred or an asset has been impaired and the amounts can be reasonably determined. The liability for general liability and workers compensation claims is recorded in the Insurance Fund (an internal service fund).

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

GASB pronouncements issued, but not yet adopted

Governmental Accounting Standards Board Statement No. 51 – In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement provides needed guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is non-financial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. Statement 51 requires intangible assets to be classified as capital assets (except for those explicitly excluded from the scope of the new standard). This standard should lead to greater consistency among governments. The requirements of Statement 51 are effective for financial statements for periods beginning after June 15, 2009. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 53 – In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement provides quality of financial reporting by requiring governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. These improvements should allow users of those financial statements to more fully understand a government's resources available to provide services. The application of interperiod equity means that changes in fair value are recognized in the reporting period to which they relate. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. On the other hand, the changes in fair value of investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period. The disclosures provide a summary of the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

instruments, their significant terms, and the risks associated with the derivative instruments. GASB Statement No. 53 is effective for financial statements for periods beginning after June 15, 2009. The impact of the implementation of this Statement to the City's financial statements, if any, has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 54 – In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

GASB Statement No. 54 is effective for financial statements for periods beginning after June 15, 2010. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

Stewardship, compliance and accountability

Budgetary data – The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund and certain special revenue funds (Low and Moderate Income Housing, State Gas Tax, Air Quality Improvement, Measure A, Police Donations, Fire Donations and Solid Waste). Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, Traffic Safety, Community Development Block Grant, State Asset Forfeiture Program, Police Grant, Telecommunications Equipment, Landscape and Lighting District, Special Deposits and Transfer Station Road. Budgetary data for the debt service and capital projects funds are not presented herein, as the budgets for these funds are long-term in nature. The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to the end of the two-year period and administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The Administrative Services Director is authorized to adjust appropriations between each department, provided that the total activity does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted,

projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures may not legally exceed total appropriations.

Appropriations limit – Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2009, proceeds of taxes did not exceed appropriations.

Deficit fund equity – The following deficit fund balances were reported at June 30, 2009:

| | |
|---------------------------------|--------------|
| Capital projects fund: | |
| Areawide Capital Projects | \$ 4,787,591 |
| Nonmajor special revenue funds: | |
| Landscape and Lighting District | 11,169 |
| Transfer Station Road | 124,726 |
| Solid Waste | 745,989 |

These deficit balances will be eliminated through future revenues.

Excess of expenditures over appropriations – The nonmajor special revenue funds in the table below exceeded appropriated expenditures by the designated amounts.

| | |
|---------------------------------|------------|
| Low and Moderate Income Housing | \$ 150,642 |
| Police Donations | 145,091 |
| Fire Donations | 54,808 |

Low and Moderate Income Housing expenditures exceeded appropriations because expenditures (and the related revenue reimbursements) were not specifically budgeted for the Dream Homes Revitalization Program (DHRP), Assessment District Fee Assistance Program (ADFAP) and the Sewer Hook-Up Assistance Redevelopment Program (SHARP). Police Donations expenditures exceeded appropriations because various program expenditures (and the related revenue sources) were not originally anticipated. Fire Donations expenditures exceeded appropriations because a Homeland Security grant was received that was not originally appropriated for.

(This space intentionally left blank.
Note 2 – Cash and Investments begins on the following page.)

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

NOTE 2 – CASH AND INVESTMENTS

The City's cash and investments are invested pursuant to investment policy guidelines established by the City's Administrative Services Director, subject to review by the City Council. The objectives of the investment policy are preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The City maintains a cash and investment pool available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as *cash and investments*. In addition, certain funds have investments with trustees related to debt issues.

Cash deposits

At year-end, the City's bank balance was \$218,926. The recorded balance reflected in the June 30, 2009 financial statements was \$(2,509,996). As of June 30, 2009, deposits were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

Cash and investments reported in the accompanying financial statements as of June 30, 2009, are as follows:

| | Government-wide Statement of Net Assets | | | Fiduciary Funds Statement of Assets and Liabilities | Total |
|---------------------------------|--|-----------------------------|--------------------|--|--------------------|
| | Governmental Activities | Business-Type Activities | Subtotal | | |
| Cash and investments | \$ 91,844,392 | 72,210 | 91,916,602 | 8,652,205 | 100,568,807 |
| Restricted cash and investments | 68,000,967 | - | 68,000,967 | 7,063,853 | 75,064,820 |
| Investments held in trust | 6,818,370 | - | 6,818,370 | - | 6,818,370 |
| Total cash and investments | <u>\$ 166,663,729</u> | <u>72,210</u> | <u>166,735,939</u> | <u>15,716,058</u> | <u>182,451,997</u> |

(This space intentionally left blank.

Note 2 – Cash and Investments continues on the following page.)

Total City deposits and investments at fair value as of June 30, 2009, are reported as follows:

| | <u>Fair Value</u> |
|--|-----------------------|
| City deposits: | |
| Cash on hand | \$ 8,500 |
| Deposits with financial institutions | <u>(2,509,996)</u> |
| Total City deposits | <u>(2,501,496)</u> |
| City investments: | |
| Securites of U.S. government agencies: | |
| Federal Home Loan Bank (FHLB) | 17,066,545 |
| Federal Farm Credit Bank (FFCB) | <u>5,001,555</u> |
| Total securities of U.S. government agencies | <u>22,068,100</u> |
| State investment pool | 74,968,780 |
| Medium-term notes | 5,532,717 |
| Money market mutual funds | <u>500,706</u> |
| Total City investments | <u>103,070,303</u> |
| Total City funds | <u>100,568,807</u> |
| Restricted cash and investments: | |
| Held with Redevelopment Agency | |
| State investment pool | <u>58,935,000</u> |
| Total held with Redevelopment Agency | <u>58,935,000</u> |
| Held with fiscal agent: | |
| State investment pool | 2,138,186 |
| Money market mutual funds | <u>13,991,634</u> |
| Total held with fiscal agent | <u>16,129,820</u> |
| Total restricted cash and investments | <u>75,064,820</u> |
| Investments held in trust: | |
| Local agency bonds | <u>6,818,370</u> |
| Total investments held in trust | <u>6,818,370</u> |
| Total cash and investments | <u>\$ 182,451,997</u> |

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by Federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the City's deposits or 150% of mortgage-backed collateral. The collateral pledged to cover the public fund deposits in California is held in the name of the California Collateral Pool Administrator and is held in their name by the Federal Reserve Bank as custodian. The City had no uncollateralized cash at June 30, 2009.

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as income from use

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

of property and money reported for that fiscal year. Income from use of property and money includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation, maturity, or sales of investments, and property rentals.

The City pools cash and investments of all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's cash balance at the end of the quarter. Interest payments are paid to the various funds also on a quarterly basis. Restricted cash and investments includes funds held by trustees relating to bonds payable and those amounts held by each fund for which a specific, non-operating use has been determined.

Investments authorized by the California Government Code and the City's investment policy

The Administrative Services Director updates the Statement of Investment Policy annually. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer who is responsible for the investment of all funds. In his/her absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his/her behalf.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal, to meet daily cash flow needs, while providing the best investment return. All investments are made in accordance with the California Government Code and, in general, the City's policy is more restrictive than State law. The City did not have any violations of its policy during the current fiscal year. Section 53607 of the California Government Code allows the City Council to delegate its investment authority to the City Treasurer and requires that the City Treasurer provide a monthly report to the City Council of its investment transactions. The annual delegation of authority is incorporated into the investment policy. The Treasurer's Report meets the requirement for monthly investment reporting.

The table below identifies the investment types that are authorized for the City by California Government Code Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio* | Maximum Investment in One Issuer |
|-------------------------------------|------------------|----------------------------------|----------------------------------|
| Government Agency Issues | 5 years | 80% | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Medium-Term Notes | 5 years | 30% | 5% |
| Local Agency Investment Fund (LAIF) | N/A | 80% | \$40 million** |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | N/A | 30% | None |
| Money Market Mutual Funds | N/A | 20% | 10% |

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

** Maximum is \$40 million per account. The City maintains six accounts with LAIF: City, Redevelopment Agency, Public Financing Authority and three Redevelopment Agency bond accounts.

Investments authorized by debt agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City's general expenditures.

The following table identifies the investment types that are authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|-------------------------------------|------------------|---------------------------------|----------------------------------|
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| Government Agency Issues | 5 years | None | None |
| Guaranteed Investment Agreements | N/A | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Local Agency Bonds | N/A | None | None |

Deposit and investment risk

The risk disclosures below apply to the City's internal investment pool and deposits, and funds held by bond trustees. Portfolio investments are exposed to four main types of risk: concentration, interest rate, default and custodial risk. Deposits are exposed primarily to custodial credit risk.

Concentration of credit risk – The investment policy of the City contains limitations on the amount that can be invested in any one issuer, which may be more restrictive than that stipulated by the California Government Code. The City did not have any investments in any one issuer at June 30, 2009, that exceeded the maximum investment in one issuer guidelines of the City's investment policy.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

(This space intentionally left blank.

Note 2 – Cash and Investments continues on the following page.)

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

Information about the sensitivity of the fair values of the City's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| Investment Type | | Remaining Maturity (in Months) | | | |
|---------------------------------|-----------------------|--------------------------------|--------------------|--------------------|-------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | Over 60 Months |
| City Investments: | | | | | |
| Federal agency notes | \$ 22,068,100 | - | - | 22,068,100 | - |
| Medium-term notes | 5,532,717 | 970,690 | 2,081,440 | 2,480,587 | - |
| Money market mutual funds | 500,706 | 500,706 | - | - | - |
| State investment pool: | | | | | |
| City of Cathedral City | 25,178,309 | 25,178,309 | - | - | - |
| Redevelopment Agency | 38,059,090 | 38,059,090 | - | - | - |
| Public Financing Authority | 11,731,381 | 11,731,381 | - | - | - |
| Subtotal | 103,070,303 | 76,440,176 | 2,081,440 | 24,548,687 | - |
| Investments held in trust: | | | | | |
| Local agency bonds | 6,818,370 | 1,224,700 | 993,306 | 1,202,173 | 3,398,191 |
| Total City investments | <u>\$ 109,888,673</u> | <u>77,664,876</u> | <u>3,074,746</u> | <u>25,750,860</u> | <u>3,398,191</u> |
| Restricted Investments: | | | | | |
| Held with Redevelopment Agency: | | | | | |
| State investment pool: | | | | | |
| Redevelopment Agency | \$ 58,935,000 | 58,935,000 | - | - | - |
| Subtotal | 58,935,000 | 58,935,000 | - | - | - |
| Held with fiscal agent: | | | | | |
| Money market mutual funds | 13,991,634 | 13,991,634 | - | - | - |
| State investment pool: | | | | | |
| City of Cathedral City | 2,138,186 | 2,138,186 | - | - | - |
| Subtotal | 16,129,820 | 16,129,820 | - | - | - |
| Total restricted investments | <u>\$ 75,064,820</u> | <u>75,064,820</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total investments | <u>\$ 184,953,493</u> | <u>152,729,696</u> | <u>3,074,746</u> | <u>25,750,860</u> | <u>3,398,191</u> |

(This space intentionally left blank.)

Note 2 – Cash and Investments continues on the following page.)

Default credit risk – Generally, default credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. The following presentation is the minimum rating required (where applicable) by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

| Investment Type | | Minimum Rating | Rating as of Year End | |
|---------------------------------|-----------------------|-------------------|-----------------------|-----------|
| | | | Moody's | S & P |
| Federal Agency Notes | \$ 22,068,100 | N/A | Aaa | AAA |
| Medium-Term Notes: | | | | |
| GE Capital | 298,830 | A | Aa2 | AA+ |
| Morgan Stanley | 970,690 | A | A2 | A |
| International Lease* | 550,178 | A | Baa2 | BBB+ |
| Protective Life | 639,149 | A | A2 | AA- |
| HSBC Financial Corp. Internotes | 992,430 | A | A3 | A |
| Wachovia Bank NA Global | 2,081,440 | A | Aa3 | AA- |
| Money market mutual funds | 14,492,340 | A | Aaa | AAAm |
| Local agency bonds | 6,818,370 | N/A | Not rated | Not rated |
| State investment pool | 136,041,966 | N/A | Not rated | Not rated |
| Total investments | <u>\$ 184,953,493</u> | | | |

* On July 31, 2009, Moody's downgraded the notes to Baa3.

Custodial credit risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits or securities can be legally restricted. The City maintains a cash account at Wells Fargo Bank. The City maintains a single account for payment of general accounts payable checks and payroll checks. Amounts in excess of \$250,000 are securitized in accordance with California Government Code Section 53652. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, the City did not have deposits with institutions in excess of federal depository insurance limits, which is currently at \$250,000.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2009, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank of California, Wells Fargo Institutional Securities, and UBS Financial Services as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

Investment in state investment pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

As of June 30, 2009, the total amount invested by all public agencies in LAIF is \$25.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2009 had a balance of \$50.7 billion. Of that amount, 14.71% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 235 days as of June 30, 2009.

NOTE 3 – RECEIVABLES

Receivables balances as of June 30, 2009, for the government's individual major funds and nonmajor funds in the aggregate, are as follows:

| | <u>Interest</u> | <u>Accounts</u> | <u>Loans</u> |
|-----------------------------|-------------------|------------------|-------------------|
| General fund | \$ 79,168 | 1,839,329 | 3,810,276 |
| Debt service: | | | |
| Redevelopment Agency Area 3 | 76,211 | 551 | - |
| Capital projects: | | | |
| 2007 TAB B | 43,440 | 20 | - |
| 2007 TAB C | 39,448 | - | - |
| Nonmajor governmental funds | <u>275,912</u> | <u>1,192,297</u> | <u>8,069,356</u> |
| Total governmental funds | <u>\$ 514,179</u> | <u>3,032,197</u> | <u>11,879,632</u> |

Receivables not expected to be collected within one year are \$3,742,799 of loans receivable reported in the General Fund and \$8,069,356 reported in the nonmajor governmental funds.

Loans receivableBig League Dreams Sports, LLC

In September 1996, the City agreed to make a construction loan to Big League Dreams Sports, LLC, in an amount not to exceed \$4,400,000 for the construction of a Sports Park Complex in Cathedral City. On July 30, 1998, Big League Dreams Sports, LLC, signed a promissory note in the amount of \$4,350,239, the total amount advanced under the September 1996 construction loan agreement. Loan payments of \$118,500 (principal and interest) are to be made quarterly through September 30, 2027. The loan is secured by a deed of trust on the sports park complex.

\$ 3,810,276

Luxury Rent-a-Car, Inc.

In April 2009, the Agency agreed to make a loan to Luxury Rent-a-Car, Inc. in the amount of \$30,365 for building façade improvements. The loan bears an annual interest rate of 7% from the date the loan proceeds are disbursed, which was June 3, 2009. The term of the loan is five years, commencing on the date loan proceeds are disbursed. The

loan amount and all interest thereon is due in full in a single payment on the last day of the term, unless forgiven by the Agency. In the event the term expires without an event of default, the Agency shall forgive the full loan and all accrued interest thereon. The loan is secured by a deed of trust on the property.

30,365

Cathedral/Creekside, L.P.

On November 1, 2002, the Agency entered into an Owner Participation Agreement (OPA) with Cathedral/Creekside, L.P. In connection with the OPA, Cathedral/Creekside, L.P. executed a promissory note not to exceed \$1,800,000, which is secured by a deed of trust. The amounts due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project's residual receipts. For purposes of this agreement, the "loan term" shall be the period ending 30 years from the date that the certificate of completion is issued by the Agency or 30 days after the maturity date of the obligations, if sold or issued. However, in no event shall the term exceed 33 years.

1,800,000

Cathedral City Heritage Park, L.P.

The Agency and Cathedral City Heritage Park, L.P. entered into an OPA in December 2002 for the development of a 153-unit senior housing complex. The OPA was subsequently amended in June 2004. The OPA provided for an Agency loan of \$2,700,000 to assist the participating owner in developing the project. The loan carries a simple interest rate of 5% per annum and will be repaid from the residual receipts of the project. Deferred interest of \$648,000 is included in the balance.

3,348,000

Southern California Housing Development Corporation (SCHDC)

On May 1, 2003, the Agency entered into an OPA with Southern California Housing Development Corporation (SCHDC). In connection with the OPA, SCHDC executed a promissory note not to exceed \$1,000,000 secured by a deed of trust. The amount due under this agreement accrues no interest, and will be repaid on an annual basis from 50% of the project's residual receipts. For purposes of this agreement, the "loan term" shall be the period ending 30 years from the date that the Certificate of Completion is issued by the Agency.

1,000,000

On September 26, 2007, the Agency entered into a Disposition and Development Agreement (DDA) with SCHDC for the construction of up to 94, but no fewer than 84, units of affordable housing, a community center and Police Community Alliance Office, multi-purpose room, complex amenities, parking and landscaping. The Agency will provide assistance up to \$10,662,007, but no less than \$9,925,185. SCHDC will pay an amount equal to the amount advanced plus simple interest of 1% per annum from the date of disbursement. The principal balance, currently at \$280,000, and all accrued and unpaid interest (deferred revenue of \$4,341) are due 55 years from the date the Certificate of Completion is issued by the Agency.

284,341

Cathedral Family Housing Partners, L.P.

On September 21, 2007, the Agency entered into an OPA with California Family Housing Partners, L.P. for the construction of approximately 60 units of affordable housing. The Agency will provide assistance up to \$4,006,162. California Family Housing Partners, L.P. will pay an amount equal to the amount advanced plus simple interest of 2% per annum from the date of disbursement and will be repaid on an annual basis from 50% of the project's residual receipts. In the event of a breach of the agreement, the amount

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

advanced will be deemed to have accrued interest at a rate of 8% per annum from the disbursement date and accelerated as to be payable in full upon demand. For purposes of this agreement, the "loan term" shall be the period ending 55 years from the date that the Certificate of Completion is issued by the Agency. The balance includes principal of \$255,000 and deferred interest of \$7,682.

262,682

Other loan agreements

The Agency has entered into loan agreements with low and moderate housing property owners for their benefit. This assistance may include property rehabilitation, property tax payments, etc. If the property owner refinances or sells the property, or no longer qualifies for low and moderate housing under the established guidelines, the amounts loaned are due and payable. At the end of 30 or 45 years, depending on the agreement, the total amount loaned related to that property will be forgiven.

1,343,968

Total loans receivable

11,879,632

Less: Deferred revenue (interest)

(660,023)

Net loans receivable

\$ 11,219,609

Other

The Agency and developers have entered into agreements to redevelop certain property within the city. Depending on the agreement, if the developer sells the redeveloped property to a qualified low and moderate income housing owner, the Agency may deed the land directly to the new owner. The unimproved land value is secured by promissory notes; the notes are secured by secondary trust deeds. The notes bear no interest. At the end of 45 years, depending on the agreement, the notes will be forgiven if all covenants have been adhered to. If the property owner refinances or sells the property, or no longer qualifies for low and moderate housing under the established guidelines, the notes become due and payable.

NOTE 4 – ADVANCES TO OTHER AGENCIES

The Agency's 2007 TAB B Capital Projects fund has paid invoices related to the Sheraton hotel project on behalf of the City Urban Revitalization Corporation (CURC). Upon securing the necessary financing, amounts advanced will be repaid to the Agency. As of June 30, 2009, the amount advanced to CURC is \$6,983,983.

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances are reported in the fund financial statements at June 30, 2009 as follows:

| | Due from Other Funds | Due to Other Funds |
|--------------------------------|-------------------------|-----------------------|
| General Fund | \$ 4,564,997 | - |
| Areawide Capital Projects Fund | - | 4,387,543 |
| Nonmajor governmental funds | - | 286,649 |
| Internal service funds | <u>109,195</u> | <u>-</u> |
| | <u>\$ 4,674,192</u> | <u>4,674,192</u> |

All balances reported as "due to/due from" are short-term loans to cover temporary cash shortages as of June 30, 2009, and will be repaid in early fiscal year 2010. "Advances to/from" balances would represent loan activity between various funds. There was no loan activity between funds as of June 30, 2009.

NOTE 6 – TRANSFERS

Transfers report the nonreciprocal contribution from one fund to another. The following is a summary of transfers for the year ended June 30, 2009:

| | Transfers Out | | | | | | |
|-----------------------------|---------------|--------------|----------------------------|---------------------------|-------------------|-----------------------------|-----------------|
| | | Debt Service | | Capital Projects | | | |
| Transfers In: | General Fund | RDA Area 3 | Public Financing Authority | Areawide Capital Projects | 2007 TAB Series C | Nonmajor Governmental Funds | Total All Funds |
| General fund | \$ - | 656,063 | - | - | - | 6,593,061 | 7,249,124 |
| Major funds: | | | | | | | |
| Debt service: | | | | | | | |
| Public Financing Authority | 778,540 | 9,484,944 | - | - | - | 4,909,926 | 15,173,410 |
| Capital projects: | | | | | | | |
| Areawide Capital Projects | - | 178,000 | - | - | 14,657 | - | 192,657 |
| Assessment District 04-02 | - | - | - | - | - | 550,000 | 550,000 |
| 2007 TAB Series C | - | - | - | 3,300 | - | - | 3,300 |
| Nonmajor governmental funds | 226,922 | - | 2,757,277 | - | - | 8,229,100 | 11,213,299 |
| Internal service funds | 162,385 | - | - | - | - | 192,842 | 355,227 |
| Total all funds | \$ 1,167,847 | 10,319,007 | 2,757,277 | 3,300 | 14,657 | 20,474,929 | 34,737,017 |

Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

During the year ended June 30, 2009, various interfund transfers listed above were made to finance expenditures and service debt. Significant transfers between the governmental funds consisted of:

- \$15,173,410 from various funds to the Public Financing Authority fund for debt service payments (principal and interest) as they became due.
- \$5,250,000 from the Redevelopment Agency Area 1 and Redevelopment Agency Area 2 debt service funds (nonmajor funds) to the Redevelopment Agency Administration capital projects fund (nonmajor fund) for annual administration costs.
- \$3,800,050 from various governmental funds to the General Fund for salary/benefits and other cost reimbursements.
- \$2,757,277 from the Public Financing Authority fund to the 2004 Limited Obligation Bond A fund (nonmajor fund) for debt service payments (principal and interest) as they became due.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

- \$2,461,734 from the Low and Moderate Income Housing fund (nonmajor fund) to the 2002 D Housing Bonds and 2002 E Housing Bonds debt service funds (nonmajor funds) for debt service payments (principal and interest) as they became due.
- \$1,798,248 from the Redevelopment Agency Area 1 (nonmajor fund), Redevelopment Agency Area 2 (nonmajor fund) and Redevelopment Agency Area 3 debt service funds to the General Fund for the AB 1389/SB 211 pass through payments.
- \$1,650,826 from the 2004 TAB Series A capital projects fund (nonmajor fund) to the General Fund for the sale of the Senior Center to the Agency.

NOTE 7 – CAPITAL ASSETS

A summary of capital assets at June 30, 2009, is as follows:

| | Governmental Activities | Business-Type Activities | Totals |
|--|----------------------------|-----------------------------|--------------|
| Capital assets, not being depreciated: | | | |
| Land | \$ 22,469,741 | - | 22,469,741 |
| Construction in progress | 47,268,423 | - | 47,268,423 |
| Total capital assets, not being depreciated | 69,738,164 | - | 69,738,164 |
| Capital assets being depreciated: | | | |
| Buildings and improvements | 26,189,048 | - | 26,189,048 |
| Structures and improvements | 8,533,480 | - | 8,533,480 |
| Vehicles, furniture and equipment | 13,168,711 | 132,947 | 13,301,658 |
| Infrastructure | 107,132,387 | - | 107,132,387 |
| Total capital assets, being depreciated | 155,023,626 | 132,947 | 155,156,573 |
| Less accumulated depreciation: | | | |
| Buildings and improvements | (8,788,860) | - | (8,788,860) |
| Structures and improvements | (2,219,627) | - | (2,219,627) |
| Vehicles, furniture and equipment | (7,575,636) | (112,078) | (7,687,714) |
| Infrastructure | (46,939,198) | - | (46,939,198) |
| Total accumulated depreciation | (65,523,321) | (112,078) | (65,635,399) |
| Total capital assets, being depreciated, net | 89,500,305 | 20,869 | 89,521,174 |
| Total capital assets, net | \$ 159,238,469 | 20,869 | 159,259,338 |

(This space intentionally left blank.

Note 7 – Capital Assets continues on the following page.)

Governmental Activities

Capital asset activity related to governmental activities for the year ended June 30, 2009, was as follows:

| | Beginning Balance, As Restated | Additions | Reductions | Ending Balance |
|--|--------------------------------------|--------------------|---------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 22,588,489 | - | (118,748) | 22,469,741 |
| Construction in progress | 42,568,547 | 15,378,460 | (10,678,584) | 47,268,423 |
| Total capital assets, not being depreciated | <u>65,157,036</u> | <u>15,378,460</u> | <u>(10,797,332)</u> | <u>69,738,164</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 25,464,275 | 1,061,344 | (336,571) | 26,189,048 |
| Structures and improvements | 8,533,480 | - | - | 8,533,480 |
| Vehicles, furniture and equipment | 12,050,498 | 1,641,785 | (523,572) | 13,168,711 |
| Infrastructure | 96,990,410 | 10,141,977 | - | 107,132,387 |
| Total capital assets, being depreciated | <u>143,038,663</u> | <u>12,845,106</u> | <u>(860,143)</u> | <u>155,023,626</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (8,064,905) | (930,100) | 206,145 | (8,788,860) |
| Structures and improvements | (1,781,808) | (437,819) | - | (2,219,627) |
| Vehicles, furniture and equipment | (6,925,674) | (1,075,498) | 425,536 | (7,575,636) |
| Infrastructure | (43,576,378) | (3,362,820) | - | (46,939,198) |
| Total accumulated depreciation | <u>(60,348,765)</u> | <u>(5,806,237)</u> | <u>631,681</u> | <u>(65,523,321)</u> |
| Total capital assets, being depreciated, net | <u>82,689,898</u> | <u>7,038,869</u> | <u>(228,462)</u> | <u>89,500,305</u> |
| Governmental activities capital assets, net | <u>\$ 147,846,934</u> | <u>22,417,329</u> | <u>(11,025,794)</u> | <u>159,238,469</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|---------------------|
| General government | \$ 549,580 |
| Community development | 435,251 |
| Culture and recreation | 365,804 |
| Public safety | 212,215 |
| Public works, including depreciation of infrastructure assets | 3,442,931 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>800,456</u> |
| Total depreciation expense | <u>\$ 5,806,237</u> |

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

Business-type Activities

Capital asset activity related to business-type activities for the year ended June 30, 2009, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|-----------|------------|-------------------|
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Vehicles, furniture and equipment | \$ 132,947 | - | - | 132,947 |
| Total capital assets, being depreciated | 132,947 | - | - | 132,947 |
| Less accumulated depreciation: | | | | |
| Vehicles, furniture and equipment | (93,115) | (18,963) | - | (112,078) |
| Total accumulated depreciation | (93,115) | (18,963) | - | (112,078) |
| Total capital assets, being depreciated, net | 39,832 | (18,963) | - | 20,869 |
| Business-type activities capital assets, net | \$ 39,832 | (18,963) | - | 20,869 |

Depreciation expense was charged to functions as follows:

| | |
|----------------------------|-----------|
| Education | \$ 18,963 |
| Total depreciation expense | \$ 18,963 |

(This space intentionally left blank.
Note 8 – Long-Term Liabilities begins on the following page.)

NOTE 8 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2009, are as follows:

| | Beginning Balance, As Restated | Accrued Interest | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|--|--------------------------------------|---------------------|-----------|--------------|-------------------|----------------------------------|
| Governmental activities: | | | | | | |
| Bonds, loans and capital leases payable: | | | | | | |
| Lease revenue bonds | \$ 5,655,000 | - | - | (400,000) | 5,255,000 | 420,000 |
| Tax allocation bonds | 222,751,000 | - | - | (3,690,000) | 219,061,000 | 3,845,000 |
| Limited obligation bonds | 9,070,000 | - | - | (2,235,000) | 6,835,000 | 1,230,000 |
| Capital lease obligations (Note 9) | 1,305,238 | - | - | (124,485) | 1,180,753 | 129,589 |
| Long-term loans and notes payable (Note 10) | 9,234,146 | 523,513 | - | - | 9,757,659 | - |
| Unamortized bond discount | (128,627) | - | - | 5,062 | (123,565) | - |
| Unamortized bond premium | 309,388 | - | - | (12,713) | 296,675 | - |
| Accreted interest payable | 1,323,487 | - | 218,827 | - | 1,542,314 | - |
| Subtotal | 249,519,632 | 523,513 | 218,827 | (6,457,136) | 243,804,836 | 5,624,589 |
| Other liabilities: | | | | | | |
| Compensated absences (Note 1) | 2,912,890 | - | 2,614,641 | (2,384,823) | 3,142,708 | 1,750,000 |
| Other post employment benefits (Note 12) | - | - | 4,341,000 | (530,863) | 3,810,137 | - |
| Claims and judgments (Note 13) | 1,226,729 | - | 1,665,509 | (629,952) | 2,262,286 | 500,000 |
| Total other liabilities | 4,139,619 | - | 8,621,150 | (3,545,638) | 9,215,131 | 2,250,000 |
| Total governmental activities long-term liabilities | \$ 253,659,251 | 523,513 | 8,839,977 | (10,002,774) | 253,019,967 | 7,874,589 |

The following is a description of long-term liabilities as of June 30, 2009:

Lease Revenue Bonds

Cathedral City Public Financing Authority: 1996 Refunding Lease Revenue Bonds (Capital Facilities Projects) (\$2,945,000)

1996 Refunding Lease Revenue Bonds (Capital Facilities Projects) issued December 11, 1996; interest is at 5.10% on bonds outstanding. The final principal installment is \$300,000 due August 1, 2009.

The proceeds from the bonds were used to refund the Series 1986 Certificates of Participation and the Series 1987 Certificates of Participation ("Prior Certificates"). *Repayment of the bonds is financed from lease revenues pledged by the City to the Authority (see Note 17).*

\$ 300,000

Cathedral City Public Financing Authority: 1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) (\$5,920,000)

1997 Taxable Lease Revenue Bonds (Capital Facilities Projects) issued March 19, 1997; interest is at 7.75% to 7.875% on bonds outstanding. Annual principal installments range from \$120,000 to \$475,000 through August 1, 2027.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

The proceeds from the bonds were loaned to the City. The City used the proceeds from the loan to make a construction loan to Big League Dreams Sports, LLC for the construction of a sports complex and community park in the city. The reserve requirement is an amount equal to the lesser of the maximum annual debt service or the maximum amount permitted to be deposited in the reserve account. At June 30, 2009, the reserve requirement was \$592,000. The amount held in reserve was \$593,182 at June 30, 2009. *Repayment of the bonds is financed from lease revenues pledged by the City to the Authority (see Note 17).*

| | |
|---------------------------|---------------------|
| | <u>4,955,000</u> |
| Total lease revenue bonds | <u>\$ 5,255,000</u> |

The annual debt service requirements to amortize the lease revenue bonds as of June 30, 2009, are as follows:

Governmental Activities:

| Year Ending June 30 | Lease Revenue Bonds | |
|------------------------|---------------------|------------------|
| | Principal | Interest |
| 2010 | \$ 420,000 | 391,325 |
| 2011 | 130,000 | 373,987 |
| 2012 | 140,000 | 363,525 |
| 2013 | 155,000 | 352,094 |
| 2014 | 165,000 | 339,694 |
| 2015 - 2019 | 1,035,000 | 1,477,444 |
| 2020 - 2024 | 1,515,000 | 983,391 |
| 2025 - 2028 | 1,695,000 | 280,153 |
| | <u>\$ 5,255,000</u> | <u>4,561,613</u> |

Tax Allocation BondsCathedral City Public Financing Authority: 2000 Tax Allocation Revenue Bonds, Series A (Senior Bonds) (\$12,311,000)

2000 Tax Allocation Revenue Bonds, Series A (Serial Current Interest Senior Bonds - \$4,000,000), issued March 30, 2000; interest is at 4.90% to 5.5% on bonds outstanding. Annual principal installments range from \$40,000 to \$700,000 through August 1, 2015.

\$ 3,730,000

2000 Tax Allocation Revenue Bonds, Series A (Term Senior Bonds - \$6,090,000), issued March 30, 2000; interest is at 5.6% to 5.7% on bonds outstanding. Annual principal installments range from \$730,000 to \$1,025,000 beginning August 1, 2016 through August 1, 2022.

6,090,000

2000 Tax Allocation Revenue Bonds, Series A (Capital Appreciation Senior Bonds - \$2,221,000), issued March 30, 2000; interest is at 6.00% to 6.15% on bonds outstanding. Original principal amounts range from \$144,316 to \$271,094. Bonds mature from August 1, 2023 through August 1, 2033 with final accreted amounts

ranging from \$1,075,000 to \$1,085,000. (Total excludes accreted interest of \$1,542,314 as of June 30, 2009.)

2,221,000

The proceeds were loaned to the Agency to assist in financing the construction and acquisition of certain capital improvements in the Agency's Merged Project Area. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2009, the reserve requirement was \$1,085,000. A reserve account surety bond for \$1,085,000 was being held at June 30, 2009. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$24,220,000)

2002 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 10, 2002; interest is at 3.50% to 5.00% on bonds outstanding. Annual principal installments range from \$510,000 to \$1,400,000 through August 1, 2033.

The Authority used the proceeds: (a) to refund certain subordinate tax allocation revenue bonds issued by the Authority in 2000; (b) to assist the Agency in financing the construction and acquisition of certain capital improvements in the Agency's Merged Project Area and Project Area No. 3 through a loan; and (c) to fund the premium for a reserve fund surety bond. The reserve requirement is to be met by issuance of a reserve account surety bond in the stated amount for the Merged Project Area (\$1,014,362) and Project Area No. 3 (\$490,028). At June 30, 2009, the reserve requirement was \$1,504,390. Surety bonds in the amounts of \$1,014,362 and \$490,028 were being held at June 30, 2009. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

21,210,000

Cathedral City Public Financing Authority: 2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects) (\$22,820,000)

2002 Tax Allocation Revenue Bonds, Series D (Cathedral City Housing Redevelopment Projects), issued November 10, 2002; interest is at 3.50% to 5.00% on bonds outstanding. Annual principal installments range from \$465,000 to \$1,365,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2009, the reserve requirement was \$1,434,500. A reserve account surety bond for \$1,434,500 was being held at June 30, 2009. *Repayment of the bonds is secured by the loan*

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority (see Note 17).

20,440,000

Cathedral City Public Financing Authority: 2002 Taxable Tax Allocation Revenue Bonds, Series E (Cathedral City Housing Redevelopment Projects) (\$14,350,000)

2002 Taxable Tax Allocation Revenue Bonds, Series E (Cathedral City Housing Redevelopment Projects), issued November 21, 2002; interest is at 5.19% to 6.16% on bonds outstanding. Annual principal installments range from \$245,000 to \$975,000 through August 1, 2033.

The Authority used the proceeds: (a) to assist the Agency in increasing, improving, and preserving the City's supply of low- and moderate-income housing through a loan; and (b) to fund the premium for a reserve fund surety bond. The reserve requirement is an amount equal to the lesser of the maximum annual debt service, 125% of average debt service or 10% of the initial principal amount. At June 30, 2009, the reserve requirement was \$1,038,932. A reserve account surety bond for \$1,038,932 was being held at June 30, 2009. *Repayment of the bonds is secured by the loan repayments made by the Agency. The loan repayments are secured by housing tax increment revenues pledged by the Agency to the Authority (see Note 17).*

13,110,000

Cathedral City Public Financing Authority: 2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$21,370,000)

2004 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 4.00% to 5.125% on bonds outstanding. Annual principal installments range from \$320,000 to \$1,985,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund principal of \$15,625,000 of the remaining 1995 Tax Allocation Bonds, Series A, create \$4,000,000 of new project resources, and pay the cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2009, the reserve requirement was \$1,759,353. A reserve account surety bond for \$1,759,353 was being held at June 30, 2009. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

19,850,000

Cathedral City Public Financing Authority: 2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects) (\$8,630,000)

2004 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City Redevelopment Projects), issued December 2, 2004; interest is at 4.93% to 5.87% on bonds outstanding. Annual principal installments range from \$145,000 to \$565,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to fund \$8,231,000 of new project resources and pay the

cost of issuance and other associated fees. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2009, the reserve requirement was \$598,165. A reserve account surety bond for \$598,165 was being held at June 30, 2009. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

7,925,000

Cathedral City Public Financing Authority: 2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects) (\$13,000,000)

2005 Tax Allocation Revenue Bonds, Series A (Cathedral City Redevelopment Projects), issued June 17, 2005; interest is at 3.125% to 4.50% on bonds outstanding. Annual principal installments range from \$360,000 to \$840,000 through August 1, 2034.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to refund the remaining outstanding portion of the Agency's 1995 Tax Allocation Revenue Bonds, Series A issued by the Authority in November 1995 for the Project Area No. 3 and the Merged Project Area. Additionally, new monies were created in the amount of \$732,000 for Project Area No. 3 and \$2,010,000 for the Merged Project Area. The reserve requirement is a stated amount for Project Area No. 3. At June 30, 2009, the reserve requirement was \$579,305. A reserve account surety bond for \$579,305 was being held at June 30, 2009. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

10,700,000

Cathedral City Public Financing Authority: 2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area) (\$29,740,000)

2007 Tax Allocation Revenue Bonds, Series A (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.50% on bonds outstanding. Annual principal installments on the term bonds begin August 1, 2031 in amounts ranging from \$2,560,000 to \$10,135,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2009, the reserve requirement was \$1,700,217. A reserve account surety bond for \$1,700,217 was being held at June 30, 2009. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

29,740,000

Cathedral City Public Financing Authority: 2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area) (\$53,400,000)

2007 Taxable Tax Allocation Revenue Bonds, Series B (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 5.14% to 5.39% on

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

bonds outstanding. Annual principal installments on the term bonds range from \$1,280,000 to \$3,780,000 through August 1, 2031.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund the premium for a reserve fund surety bond and pay the costs of issuance. The reserve requirement is a stated amount. At June 30, 2009, the reserve requirement was \$3,052,844. A reserve account surety bond for \$3,052,844 was being held at June 30, 2009. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

52,185,000

Cathedral City Public Financing Authority: 2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area) (\$31,860,000)

2007 Subordinate Tax Allocation Revenue Bonds, Series C (Cathedral City 2006 Merged Redevelopment Project Area), issued March 9, 2007; interest is at 4.00% to 5.00% on bonds outstanding. Annual principal installments range from \$670,000 to \$2,055,000 through August 1, 2035.

The Authority used the proceeds to purchase a separate bond issue of the Agency. The Agency used the proceeds to finance certain redevelopment projects of the Agency, fund a reserve account and pay the costs of issuance. The reserve was originally funded with a portion of the proceeds of the Series C bonds (\$2,148,925). The reserve account balance at June 30, 2009, was \$2,150,993. *Repayment of the bonds is secured by tax increment revenues pledged by the Agency to the Authority (see Note 17).*

31,860,000

Total tax allocation bonds

\$ 219,061,000

The annual debt service requirements to amortize the tax allocation revenue bonds as of June 30, 2009, are as follows:

Governmental Activities:

| Year Ending June 30 | Tax Allocation Bonds | |
|------------------------|-----------------------|-----------------------|
| | Principal | Interest |
| 2010 | \$ 3,845,000 | 10,595,309 |
| 2011 | 4,690,000 | 10,407,301 |
| 2012 | 4,905,000 | 10,194,822 |
| 2013 | 5,120,000 | 9,971,375 |
| 2014 | 5,350,000 | 9,736,024 |
| 2015 - 2019 | 30,725,000 | 44,588,431 |
| 2020 - 2024 | 38,256,093 | 37,214,506 |
| 2025 - 2029 | 45,035,309 | 29,906,550 |
| 2030 - 2034 | 57,299,598 | 16,861,242 |
| 2035 - 2036 | 23,835,000 | 1,094,911 |
| | <u>\$ 219,061,000</u> | <u>\$ 180,570,471</u> |

Limited Obligation Bonds

Cathedral City Public Financing Authority: 2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations)

2004 Local Agency Revenue Bonds, 2004 Series A (Limited Obligations), issued December 3, 2004; interest is at 3.625% to 5.30% on bonds outstanding. Annual principal installments range from \$180,000 to \$1,230,000 through September 2, 2026.

The proceeds were used to: (1) purchase the entire outstanding Limited Obligation Refunding Improvement Bonds City of Cathedral City Assessment District 96-1 (Rio Vista) Series 2004, which were issued concurrently with the bonds; (2) refund the Authority's 1996 Series A and Series B Revenue Bonds, which had originally purchased the City of Cathedral City's Limited Obligation Refunding Bonds (Property Secured Only – No Issuer Liability, City of Cathedral City, District Nos. 85-1, 86-1, 86-5, 88-2 and 88-3); (3) fund a reserve account; and (4) pay the costs of issuance. *Repayment of the bonds is secured solely by payments received from the 2004 Rio Vista District Bonds and the City's Limited Obligation Refunding Bonds, Series 1996.*

\$ 6,835,000

Total limited obligation bonds

\$ 6,835,000

The annual debt service requirements to amortize the revenue bonds as of June 30, 2009, are as follows:

Governmental Activities:

| Year Ending June 30 | Revenue Bonds | |
|------------------------|---------------------|------------------|
| | Principal | Interest |
| 2010 | \$ 1,230,000 | 274,303 |
| 2011 | 995,000 | 232,731 |
| 2012 | 845,000 | 197,820 |
| 2013 | 180,000 | 178,632 |
| 2014 | 190,000 | 171,182 |
| 2015 - 2019 | 1,075,000 | 722,129 |
| 2020 - 2024 | 1,345,000 | 435,557 |
| 2025 - 2027 | 975,000 | 79,025 |
| | <u>\$ 6,835,000</u> | <u>2,291,379</u> |

Debt Compliance

There are a number of limitations, restrictions and covenants contained in the various loan, note and bond indentures. The City believes it is in compliance with all significant limitations, restrictions and covenants.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

NOTE 9 – CAPITAL LEASE OBLIGATIONS**Sun Trust Leasing Corporation**

On September 23, 2004, the City entered into a Master Lease Agreement with Sun Trust Leasing Corporation for the purpose of facilitating equipment lease/purchase/financing. Under the Master Lease Agreement, the City can enter into special equipment schedules for the purchase of necessary equipment or improvements. Upon payment completion of any equipment lease (financing), the equipment contained therein shall become the property of the City without further payment.

- Equipment Schedule 001 was initiated on September 23, 2004 for \$2,753,500 for the financing of an energy savings project to install building lighting, traffic LED, solar electric panels and window tinting with Honeywell. The outstanding balance at June 30, 2009, was \$1,180,753.

The assets acquired through capital leases are as follows:

Governmental activities:

| | |
|--------------------------------|---------------------|
| Buildings and improvements | \$ 216,856 |
| Structures and improvements | 2,269,559 |
| Infrastructure | 360,669 |
| Less: Accumulated depreciation | <u>(115,971)</u> |
| Total governmental activities | <u>\$ 2,731,113</u> |

City policy is to depreciate constructed assets beginning in the year subsequent to their completion and acceptance by City Council.

The amount of future minimum lease payments as of June 30, 2009, is as follows:

| Year Ending June 30 | Principal | Interest |
|------------------------|---------------------|----------------|
| 2010 | \$ 129,589 | 48,411 |
| 2011 | 134,903 | 43,097 |
| 2012 | 140,433 | 37,567 |
| 2013 | 146,191 | 31,809 |
| 2014 | 152,185 | 25,815 |
| 2015 - 2019 | <u>477,452</u> | <u>38,974</u> |
| Total | <u>\$ 1,180,753</u> | <u>225,673</u> |

NOTE 10 – LONG-TERM LOANS AND NOTES PAYABLE**Long-term loans**

The Agency's Low and Moderate Income Housing Division entered into a loan agreement with the California Housing Finance Agency on February 24, 2004, with a total available principal amount of \$500,000. The term of the loan is 10 years from the date of the agreement and bears a simple interest rate of 3% per annum, to be charged only on the funds disbursed. Repayment is deferred for the term of the Housing Enabled by Local Partnerships (HELP) Loan. Interest of \$15,000 was accrued

for the year ended June 30, 2009. No payment is due on the loan until February 24, 2014.

\$ 562,236

Notes payable

On December 29, 1986, the Agency (a component unit of the City of Cathedral City) issued a promissory note to CJR Investment Partnership in the sum of \$2,788,423 for the balance of the purchase price in acquiring approximately eleven acres of real property located in Project Area No. 2 (Merged Project Area). Interest on the note accrues upon the opening of the facility developed on the property, which was October 27, 1987, at a floating rate equal to two percent per annum over the Wells Fargo Bank prime rate compounded annually. The note will be repaid by the Agency using any increases in the property tax increment derived from increases in the assessed value of the property and any other legally available sources of revenue. Repayments on the note will be in amounts equal to 70% of the sales and use tax revenues derived from business activities conducted upon the site and received by the City of Cathedral City. On November 22, 2027, any unpaid principal and interest owed by the Agency will be forgiven. Interest of \$508,513 was accrued for the year ended June 30, 2009. The outstanding balance, which includes accrued interest at June 30, 2009, was \$9,195,423. There is no fixed repayment schedule for the amounts owed under the promissory note.

9,195,423

Total long-term loans and notes payable

\$ 9,757,659

NOTE 11 – PENSION PLAN

Safety Employees

Plan description

The City's defined benefit pension plans, the Safety Plans for the City of Cathedral City, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

The City of Cathedral City participates in risk pooling, which consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members.

Funding policy

Participants are required to contribute 9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009 was 27.141% for safety (police) and 18.476% for safety (fire). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Employer required contribution

For fiscal year 2009, the City's actual and contributed employer required contribution was \$2,211,060. The required contribution for fiscal year 2009 was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

Three-year trend information for the Safety Plans:

| <u>Safety Employees (Police)</u> | | |
|----------------------------------|---|--------------------------------------|
| <u>Fiscal Year</u> | <u>Employer Required Contribution (ERC)</u> | <u>Percentage of ERC Contributed</u> |
| 6/30/07 | \$ 1,022,110 | 100% |
| 6/30/08 | 1,045,147 | 100% |
| 6/30/09 | 1,489,533 | 100% |

| <u>Safety Employees (Fire)</u> | | |
|--------------------------------|---|--------------------------------------|
| <u>Fiscal Year</u> | <u>Employer Required Contribution (ERC)</u> | <u>Percentage of ERC Contributed</u> |
| 6/30/07 | \$384,827 | 100% |
| 6/30/08 | 469,122 | 100% |
| 6/30/09 | 721,527 | 100% |

Miscellaneous Employees**Plan description**

GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27* establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. The statement requires the City to include the following in its note disclosure: information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial accrued liability, the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability to annual covered payroll. This information is provided in the *Funded status and funding progress* section of this note.

The City's defined benefit pension plan, the Miscellaneous Plan for the City of Cathedral City, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees'

Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

Funding policy and annual pension cost

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009 was 11.261% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2009, the City's actual and contributed annual pension cost was \$927,250.

Actuarial methods and assumptions

The following is information as of the most recent actuarial valuation available at the time of preparation:

| | |
|-------------------------------|--|
| Actuarial valuation date | June 30, 2007 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 27 years |
| Asset valuation method | 15-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 7.75% (net of administrative expenses) |
| Inflation | 3.00% |
| Projected salary increases | 3.25% to 14.45% (depending on age, service and type of employment) |
| Individual salary growth | Merit scale varying by duration of employment coupled with an assumed inflation growth of 3.00% and an annual production growth of 0.25% |

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

Funded status and funding progress

The following is funded status information for the Miscellaneous Plan as of June 30, 2007:

| Actuarial Accrued Liability | Actuarial Value of Assets (AVA) | Unfunded Liability (UL) | Funded Ratio (AVA) | Annual Covered Payroll | UL As a % of Payroll |
|-----------------------------------|---------------------------------------|----------------------------|-----------------------|------------------------------|-------------------------|
| (a) | (b) | (a) - (b) | (b) / (a) | (c) | [(a) - (b)] / (c) |
| \$22,826,357 | \$19,539,233 | \$3,287,124 | 85.6% | \$6,821,363 | 48.2% |

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-year trend information for the Miscellaneous Plan is as follows:

Miscellaneous Employees

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------------|--|--|-----------------------------------|
| 6/30/07 | \$748,087 | 100% | \$ - |
| 6/30/08 | 871,188 | 100% | - |
| 6/30/09 | 927,250 | 100% | - |

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

Substantially all full-time employees and their eligible dependents are eligible for post-retirement health care benefits under the CalPERS-sponsored health plans currently funded during the employees' active service. During fiscal year 2009, the City implemented the provisions GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement generally requires that state and local governmental employers account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

Plan description

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system may elect within two months after retirement to participate in such group health insurance policies as are provided by the City under the following conditions: (a) the unit member must have worked for

the City at least 5 years prior to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution equivalent to the current amount provided for active unit members. In addition to the group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding policy

The Plan is funded on a pay-as-you-go basis. There is no requirement imposed by CalPERS to contribute any amount beyond the pay-as-you-go contributions. No additional contributions have been made to date.

The amount necessary to fund future benefits is based on projections from the January 1, 2007, actuarial study completed by Bartel Associates, LLC in accordance with GASB Statement No. 45.

For fiscal year 2009, the City made contributions totaling \$530,863, of which \$530,863 represented current contributions. There were no premium contributions paid by retirees that exceeded the monthly contribution established by the City.

Annual OPEB cost and net OPEB obligation

The City's annual OPEB cost is calculated based on the *Annual Required Contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

| | |
|--|---------------------|
| Annual required contribution | \$ 4,341,000 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | <u>-</u> |
| Annual OPEB cost | 4,341,000 |
| Contributions made | <u>(530,863)</u> |
| Increase in net OPEB obligation | 3,810,137 |
| Net OPEB obligation, beginning of year | <u>-</u> |
| Net OPEB obligation, end of year | <u>\$ 3,810,137</u> |

(This space intentionally left blank.)

Note 12 – Other Post-Employment Benefits continues on the following page.)

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

The net OPEB obligation of \$3,810,137 is included as a noncurrent liability on the Statement of Net Assets. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and the previous two years were as follows:

| | <u>Annual OPEB Cost (AOC)</u> | <u>Percentage of AOC Contributed</u> | <u>Net OPEB Obligation</u> |
|----------------------------|---------------------------------------|--|------------------------------------|
| Fiscal year ended June 30: | | | |
| 2009 | \$ 4,341,000 | 12.2% | 3,810,137 |
| 2008 | - | 0.0% | - |
| 2007 | - | 0.0% | - |

Funded status and funding progress

As of January 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The Actuarial Accrued Liability (AAL) for benefits was \$31,713,000, and the Actuarial Value of Plan Assets was \$0, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$31,713,000. The covered payroll (annual payroll of active employees covered by the plan) was \$17,627,323, and the ratio of UAAL to the covered payroll was 179.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following these notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of including this information in the financial report, the data presented is limited.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007, actuarial valuation, the Entry Age Normal (EAN) cost method was used. Under this cost method, the plan's *normal cost* is developed as a level percent of payroll throughout the participant's working lifetime. Entry age is based on current age minus years of service. The *actuarial accrued liability (AAL)* is the cumulative value on the valuation date of the prior normal cost. For retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized as a level dollar closed 30-year basis, as a level percent of payroll with a remaining amortization period at June 30, 2009, of 30 years.

GASB Statement No. 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included a 4.25% discount rate, representing the long term expected rate of return. The general inflation rate was assumed to increase at a

rate of 3% per annum, while aggregate payroll was assumed to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality, withdrawal and disability based on CalPERS' 1997 - 2002 Experience Study. Other assumptions included annual healthcare cost trend rates of 10.4% to 10.8% (HMO - pre-Medicare and post-Medicare) and 11.3% to 11.7% (PPO - pre-Medicare and post-Medicare), reduced each year until an ultimate rate of 4.5% is reached after 10 years (in the 2016/17 plan year), and an annual dental/vision cost trend rate of 4%. The retirement age assumption was also based on CalPERS' 1997 - 2002 Experience Study of 2.5% at 55 (miscellaneous employees) and 3% at 55 (public safety - police and fire). The expected retirement ages were 61.1 (miscellaneous employees) and 56.7 (public safety - police and fire).

NOTE 13 - SELF-INSURANCE PROGRAM

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of twenty-six participating member agencies with equal governing and no management authority. The City of Cathedral City joined PERMA on July 25, 1985, for the purpose of long-term premium stability. The City participates in the liability and worker's compensation coverage programs of PERMA.

PERMA's liability program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority.

PERMA's workers' compensation program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention of \$250,000. Excess insurance coverage is limited to statutory levels for workers' compensation and \$5 million for employer's liability.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$2,262,286 at June 30, 2009. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

Changes in claims liabilities for the past two years are as follows:

| | Beginning Balance | Claims Incurred/ Changes In Estimates ¹ | Claims Payments | Ending Balance |
|-----------|----------------------|---|--------------------|-------------------|
| 2007 - 08 | \$ 2,208,350 | (60,319) | (921,302) | 1,226,729 |
| 2008 - 09 | 1,226,729 | 1,665,509 | (629,952) | 2,262,286 |

¹ Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates amounts have been combined.

NOTE 14 - CONTINGENT LIABILITIES

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in Note 13.

NOTE 15 – LOAN GUARANTEES

On April 23, 2003, the Agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the Agency for a 14-screen multiplex theater complex (Mary Pickford Theatre) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the Agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

As of June 30, 2009, there were 84 payments remaining on the loan for a total obligation of up to \$8,385,384 guaranteed by the Agency. Payments made by the Agency on the loan guaranty exceeded the rent payments received from NACI by \$372,323 for the fiscal year ended June 30, 2009.

NOTE 16 – COMMITMENTS**Motorola, Inc.**

On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola, Inc. for the purpose of financing dispatch and subscriber equipment utilizing the ERICA (Eastern Riverside County Interoperable Communications Authority) backbone. Upon payment completion, the equipment contained therein shall become the property of the City without further payment. On April 1, 2009, the agreement was amended because of a scope reduction in the equipment required. The amendment reduced the total price of the agreement and the payment schedule was modified accordingly. As of June 30, 2009, the City had not received the equipment.

The Agency has committed to making the annual payments required under the agreement. The first of ten annual payments of \$247,791 is due October 1, 2009. The outstanding principal balance at June 30, 2009, was \$2,014,661.

City of Indio (Motorola, Inc.)

On November 1, 2008, the City entered into an ERICA Backbone Reimbursement Agreement with the cities of Indio, Desert Hot Springs and Palm Springs. To expedite the acquisition process for the ERICA backbone, the City of Indio proposed to acquire and finance it through Motorola, Inc., pursuant to a municipal lease purchase agreement. In accordance with Section 3.1 of the ERICA Joint Powers Authority Agreement, each of the cities would equally share in the costs of the ERICA backbone.

The ERICA Backbone Reimbursement Agreement sets forth the details of the reimbursements to the City of Indio. Each of the four cities is responsible for 25% of the total amount financed through the lease

(\$5,557,603). The City has elected to make a one time payment of principal and interest for their share of the costs. The City's share to be reimbursed to the City of Indio in October 2009 is \$1,462,900. The Agency has committed to making this payment on behalf of the City.

NOTE 17 – PLEDGED REVENUES

Tax increment

The City has pledged a portion of future property tax increment revenues to repay \$219,061,000 in various tax allocation bonds issued between March 2000 and March 2007. The bonds were issued to finance construction and acquisition of capital improvements in the Agency's redevelopment project areas. The bonds are payable solely from the incremental property taxes generated by increased property values in the project areas. Although the incremental property taxes were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, certain conditions could have a material, adverse impact on revenues allocated to the Agency. These include future decreases in the assessed valuation of the project areas, decreases in the applicable tax rates or collection rates, general decline in the economic condition of the project areas, or a change in the law reducing the tax increment received by the Agency. Total principal and interest remaining on the various bonds is \$399,631,471, payable through August 2035. For the current year, principal and interest paid and total incremental property tax revenues were \$14,446,157 and \$27,482,331, respectively.

Lease revenues

The City has pledged certain lease revenues to repay \$5,255,000 in lease revenue bonds issued in December 1996 and March 1997. The lease revenue bonds were issued to refund previously issued certificates of participation and make a construction loan to a developer for the construction of a sports complex and community park. The bonds are payable solely from the lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. Total principal and interest remaining on the bonds is \$9,816,613, payable through August 2027. For the current year, principal and interest paid and total lease revenues were \$815,206 and \$727,833, respectively.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

On July 16, 2008, the City joined with the cities of Indio, Palm Springs and Desert Hot Springs to create the Eastern Riverside County Interoperable Communications Authority (ERICA) by a joint powers agreement under the laws of the State of California. The primary purpose of ERICA is to acquire, plan, design, finance, construct, operate and maintain a regional communications system serving the Coachella Valley and individual political jurisdictions therein. ERICA is governed by a Board of Directors, which consists of one official of the governing body of each member agency, who shall be appointed by the governing body.

During fiscal year 2008-09, the City reimbursed the City of Indio \$21,814 for its proportional share of ERICA implementation costs. In addition, the City of Indio reimbursed the City \$14,742 for its share of ERICA-related costs paid by the City.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

NOTE 19 – SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

Special assessment districts ("Districts") in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2009, is as follows:

Special Assessment Debt With No City Commitment

| Description | Issue Year | Maturity Year | Outstanding Balance |
|--|---------------|------------------|------------------------|
| Assessment Districts No. 85-1, 86-1, 86-5, 88-2 and 88-3, Series 1996, Limited Obligation Refunding Bonds | 1996 | 2011 | \$ 2,630,000 |
| Assessment District No. 2001-01 Limited Obligation Improvement Bonds | 2001 | 2026 | 2,645,000 |
| Community Facilities District No. 2000-1 Special Tax Bonds | 2001 | 2030 | 12,015,000 |
| Assessment District 96-1 (Rio Vista) (Reassessment and Refunding of 2004), Series 2004, Limited Obligation Refunding Improvement Bonds | 2004 | 2026 | 4,188,370 |
| 35th Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds | 2004 | 2034 | 5,855,000 |
| Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds | 2004 | 2034 | 5,485,000 |
| Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds | 2005 | 2035 | 31,205,000 |
| | | | <u>\$ 64,023,370</u> |

NOTE 20 – RESTATEMENT OF BEGINNING NET ASSETS

As of June 30, 2009, the beginning net assets for the following activities were restated as follows:

Governmental Activities

| | |
|--|-----------------------|
| Beginning net assets, as previously reported | \$ 179,560,498 |
| Prior years' accreted interest not recorded | (1,323,487) |
| Prior year's sales tax not accrued | 651,400 |
| Prior year's unearned revenue incorrectly reported | (340,434) |
| Assets incorrectly capitalized (net) | (13,732,667) |
| Capital asset corrections (net) | (313,256) |
| Depreciation incorrectly reported | <u>(14,652,251)</u> |
| Beginning net assets, as restated | <u>\$ 149,849,803</u> |

Accreted Interest

Beginning net assets have been adjusted for the effects of capital appreciation bonds where accreted interest was not expensed in prior years. As a result, prior year (fiscal year 2000 to fiscal year 2008) total expenses were understated by \$1,323,487. In fiscal year 2009, accreted interest expense of \$218,827 was recorded.

Beginning long-term liabilities for governmental activities have been adjusted for the effects of capital appreciation bonds where accreted interest was not recorded in prior years (Note 8).

Sales Taxes

Beginning net assets have been adjusted for the effect of sales tax attributable to the fiscal year ended June 30, 2008, not being accrued. As a result, prior year (fiscal year 2008) net assets were understated by \$651,400.

Unearned Revenue

Beginning net assets have been adjusted for the effect of under reporting unearned revenue for the fiscal year ended June 30, 2008. As a result, prior year (fiscal year 2008) net assets were overstated by \$340,434.

Capital Assets

Capital assets being depreciated were overstated because assets had been capitalized that did not meet the required dollar amount for capitalization per the City's capital asset policy. As a result, prior year (fiscal year 2003 to fiscal year 2008) net assets were overstated by \$13,732,667.

Asset lives used for depreciating the various classes of capital assets were not in accordance with the City's capital asset policy. As a result, prior year (fiscal year 2003 to fiscal year 2008) expenses were understated by \$14,652,251.

Corrections to various capital asset values resulted in a reduction to beginning net assets. As a result, prior year (fiscal year 2003 to fiscal year 2008) net assets were overstated by \$313,256.

Beginning capital assets for governmental activities have been adjusted for the effects of the above corrections (Note 7).

NOTE 21 – RESTATEMENT OF BEGINNING FUND BALANCE

As of June 30, 2009, the beginning fund balance for the General Fund was restated as follows:

General Fund

| | |
|--|----------------------|
| Beginning fund balance, as previously reported | \$ 20,247,747 |
| Prior year's sales tax not accrued | <u>651,400</u> |
| Beginning fund balance, as restated | <u>\$ 20,899,147</u> |

Sales Taxes

Beginning fund balance has been adjusted for the effect of sales tax attributable to the fiscal year ended June 30, 2008, not being accrued. As a result, prior year (fiscal year 2008) fund balance was understated by \$651,400.

City of Cathedral City

Notes to the Financial Statements (continued)
June 30, 2009

NOTE 22 – SUBSEQUENT EVENTSSERAF (Supplemental Educational Revenue Augmentation Funds)

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 4x-26, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county SERAF to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-10 and \$350 million in fiscal year 2010-11. The SERAF would then be paid to school districts and the county offices of education that have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately \$9.5 million in fiscal year 2009-10 and \$1.95 million in fiscal year 2010-11. Payments are to be made May 10 of each respective fiscal year. In response to AB 4x-26, the Agency intends to fund the SERAF payments due in May 2010 and 2011 through tax increment revenues received. Bond proceeds will be used to retire bond debt, thereby allowing the use of tax increment for SERAF purposes.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 4x-26, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 4x-26 to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

Agency Land Purchase

On October 7, 2009, the Agency purchased property to be used for future development. The Agency paid a total price of \$1,800,000 plus closing costs, of which \$350,000 of this sum will be escrowed for three years to offset the excavation costs of two underground storage tanks and related remediation, if any.

Litigation

In September 2007, the Agency filed a complaint against a developer and former Agency employee alleging that three disposition and development agreements (DDA's) entered into were in violation of Government Code sections 1090 and 87100 due to prohibited conflicts of interest. The developer filed a cross-complaint alleging breach of contract related to two of the DDA's.

On August 24, 2009, the court granted motions for summary judgment in favor of the developer and former Agency employee. Thereafter, motions were filed by the developer and former Agency employee for an award of attorney's fees against the Agency. On December 7, 2009, those motions were granted in the amount of \$730,959 and \$196,601, respectively. These amounts have not been included in the claims liability shown in the financial statements because an evaluation of the likelihood of an unfavorable outcome and estimate of any potential loss cannot be made at this time. The Agency is in the process of filing appeals as to both attorneys' fee awards.

In addition, the Agency is also filing a motion for summary judgment against the developer for violation of Public Contract Code, California Contractors and Construction Law, and under Business & Professions Code making the DDA's unenforceable. Should the court rule in favor of the Agency, the Agency would be entitled to a judgment in the amount of approximately \$1.8 million plus the return of a 22,000 square feet of commercial building developed under one of the three DDA's.



Required Supplementary Information



This page intentionally left blank.



City of Cathedral City
PERS Schedule of Funding Progress
June 30, 2009

| <u>Valuation Date</u> | <u>Actuarial Accrued Liability</u> | <u>Actuarial Value of Assets (AVA)</u> | <u>Unfunded Liability (UL)</u> | <u>Funded Ratio - AVA</u> | <u>Annual Covered Payroll</u> | <u>UL as a % of Payroll</u> |
|-----------------------|--|--|------------------------------------|-----------------------------------|---------------------------------------|---------------------------------|
| | (a) | (b) | (a) - (b) | (b) / (a) | (c) | [(a) - (b)] / (c) |
| June 30, 2005 | | | | | | |
| Miscellaneous | \$17,783,539 | \$ 15,162,403 | \$2,621,136 | 85.3% | \$ 5,391,541 | 48.6% |
| June 30, 2006 | | | | | | |
| Miscellaneous | \$19,569,492 | \$ 17,103,879 | \$2,465,613 | 87.4% | \$ 5,698,461 | 43.3% |
| June 30, 2007 | | | | | | |
| Miscellaneous | \$22,826,357 | \$ 19,539,233 | \$3,287,124 | 85.6% | \$ 6,821,363 | 48.2% |

This page intentionally left blank.



City of Cathedral City
OPEB Schedule of Funding Progress
June 30, 2009

OPEB Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Payroll</u> |
|-------------------------------------|--|--|--------------------------------|-------------------------|----------------------------|-----------------------------------|
| | (a) | (b) | (a) - (b) | (b) / (a) | (c) | [(a) - (b)] / (c) |
| January 1, 2007 | \$31,713,000 | \$ - | \$31,713,000 | 0.0% | \$17,627,323 | 179.9% |

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2009

| | General Fund - Reported | | | Variance with Final Budget - Over (Under) |
|--|---------------------------------|------------------------------|-------------------|--|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | |
| Revenues | | | | |
| Taxes | \$ 19,500,000 | 19,500,000 | 15,994,362 | (3,505,638) |
| Intergovernmental | 375,000 | 375,000 | 179,523 | (195,477) |
| Licenses and permits | 1,125,500 | 1,125,500 | 875,795 | (249,705) |
| Fines and forfeitures | 10,000 | 10,000 | 298,537 | 288,537 |
| Charges for services | 3,118,313 | 3,118,313 | 3,698,391 | 580,078 |
| Development fees | - | - | 1,500,000 | 1,500,000 |
| Revenues from use of money and property | 744,000 | 744,000 | 418,807 | (325,193) |
| Miscellaneous | 686,500 | 686,500 | 205,272 | (481,228) |
| Total revenues | 25,559,313 | 25,559,313 | 23,170,687 | (2,388,626) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 7,975,308 | 7,951,308 | 6,697,112 | (1,254,196) |
| Community development | 3,416,661 | 3,416,661 | 2,771,652 | (645,009) |
| Culture and recreation | 161,450 | 161,450 | 137,029 | (24,421) |
| Public safety | 21,428,183 | 21,512,183 | 21,443,413 | (68,770) |
| Public works | 1,174,177 | 1,174,177 | 1,140,350 | (33,827) |
| Capital outlay | 145,800 | 145,800 | 112,522 | (33,278) |
| Total expenditures | 34,301,579 | 34,361,579 | 32,302,078 | (2,059,501) |
| Excess (deficiency) of revenues over (under) expenditures | (8,742,266) | (8,802,266) | (9,131,391) | (329,125) |
| Other financing sources (uses) | | | | |
| Transfers in | 4,051,487 | 4,051,487 | 7,249,124 | 3,197,637 |
| Transfers out | (453,525) | (453,525) | (687,019) | (233,494) |
| Proceeds from sale of capital assets | - | - | 257,191 | 257,191 |
| Total other financing sources (uses) | 3,597,962 | 3,597,962 | 6,819,296 | 3,221,334 |
| Net change in fund balance | (5,144,304) | (5,204,304) | (2,312,095) | 2,892,209 |
| Fund balances, beginning, as restated | 16,218,925 | 16,218,925 | 16,218,925 | - |
| Fund balances, ending | \$ 11,074,621 | 11,014,621 | 13,906,830 | 2,892,209 |

(continued)

See note to required supplementary information.



| General Fund - Reported Big League Dreams | | | |
|--|------------------------------|-------------------|--|
| Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | 447,521 | 447,521 |
| - | - | - | - |
| - | - | 447,521 | 447,521 |
| - | - | - | - |
| - | - | - | - |
| - | - | 2,665 | 2,665 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | 2,665 | 2,665 |
| - | - | - | - |
| - | - | 444,856 | 444,856 |
| - | - | - | - |
| - | - | (480,828) | (480,828) |
| - | - | - | - |
| - | - | (480,828) | (480,828) |
| - | - | (35,972) | (35,972) |
| 4,680,222 | 4,680,222 | 4,680,222 | - |
| 4,680,222 | 4,680,222 | 4,644,250 | (35,972) |

Revenues
 Taxes
 Intergovernmental
 Licenses and permits
 Fines and forfeitures
 Charges for services
 Development fees
 Revenues from use of money and property
 Miscellaneous
 Total revenues

Expenditures
 Current:
 General government
 Community development
 Culture and recreation
 Public safety
 Public works
 Capital outlay
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)
 Transfers in
 Transfers out
 Proceeds from sale of capital assets
 Total other financing sources (uses)
 Net change in fund balance

Fund balances, beginning, as restated
Fund balances, ending

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2009 (continued)

| | General Fund - Reported | | | |
|--|---------------------------------|------------------------------|-------------------|--|
| | Total | | | |
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| Revenues | | | | |
| Taxes | \$ 19,500,000 | 19,500,000 | 15,994,362 | (3,505,638) |
| Intergovernmental | 375,000 | 375,000 | 179,523 | (195,477) |
| Licenses and permits | 1,125,500 | 1,125,500 | 875,795 | (249,705) |
| Fines and forfeitures | 10,000 | 10,000 | 298,537 | 288,537 |
| Charges for services | 3,118,313 | 3,118,313 | 3,698,391 | 580,078 |
| Development fees | - | - | 1,500,000 | 1,500,000 |
| Revenues from use of money and property | 744,000 | 744,000 | 866,328 | 122,328 |
| Miscellaneous | 686,500 | 686,500 | 205,272 | (481,228) |
| Total revenues | 25,559,313 | 25,559,313 | 23,618,208 | (1,941,105) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 7,975,308 | 7,951,308 | 6,697,112 | (1,254,196) |
| Community development | 3,416,661 | 3,416,661 | 2,771,652 | (645,009) |
| Culture and recreation | 161,450 | 161,450 | 139,694 | (21,756) |
| Public safety | 21,428,183 | 21,512,183 | 21,443,413 | (68,770) |
| Public works | 1,174,177 | 1,174,177 | 1,140,350 | (33,827) |
| Capital outlay | 145,800 | 145,800 | 112,522 | (33,278) |
| Total expenditures | 34,301,579 | 34,361,579 | 32,304,743 | (2,056,836) |
| Excess (deficiency) of revenues over (under) expenditures | (8,742,266) | (8,802,266) | (8,686,535) | 115,731 |
| Other financing sources (uses) | | | | |
| Transfers in | 4,051,487 | 4,051,487 | 7,249,124 | 3,197,637 |
| Transfers out | (453,525) | (453,525) | (1,167,847) | (714,322) |
| Proceeds from sale of capital assets | - | - | 257,191 | 257,191 |
| Total other financing sources (uses) | 3,597,962 | 3,597,962 | 6,338,468 | 2,740,506 |
| Net change in fund balance | (5,144,304) | (5,204,304) | (2,348,067) | 2,856,237 |
| Fund balances, beginning, as restated | 20,899,147 | 20,899,147 | 20,899,147 | - |
| Fund balances, ending | \$ 15,754,843 | 15,694,843 | 18,551,080 | 2,856,237 |

See note to required supplementary information.

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a biennial budget prepared on the modified accrual basis of accounting for the General Fund and certain special revenue funds (Low and Moderate Income Housing, State Gas Tax, Air Quality Improvement, Measure A, Police Donations, Fire Donations and Solid Waste). Special revenue funds for which budgets are not adopted are: Master Underground Plan, Developer Fees, TDA SB821, Traffic Safety, Community Development Block Grant, State Asset Forfeiture Program, Police Grant, Telecommunications Equipment, Landscape and Lighting District, Special Deposits and Transfer Station Road. Budgetary data for the debt service and capital projects funds are not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to the end of the two-year period and administer it after adoption. The two-year period starts on July 1 of each even-numbered year. Annual appropriation limits are approved by City Council prior to the beginning of each year of the biennial budget period. All appropriations lapse at year-end.

The Administrative Services Director is authorized to adjust appropriations between each department, provided that the total activity does not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director. For each fund, total expenditures may not legally exceed total appropriations.

During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations. General Fund expenditures did not exceed appropriations.

This page intentionally left blank.





Combining and Individual Fund Statements and Schedules - General Fund



City of Cathedral City
Combining Balance Sheet
General Fund
June 30, 2009

| | General Fund | Big League Dreams | Total |
|--------------------------------------|----------------------|-------------------------|-------------------|
| Assets | | | |
| Cash and investments | \$ 9,064,743 | 710,206 | 9,774,949 |
| Interest receivable | 75,468 | 3,700 | 79,168 |
| Accounts receivable | 1,719,261 | 120,068 | 1,839,329 |
| Loans receivable | - | 3,810,276 | 3,810,276 |
| Due from other funds | 4,564,997 | - | 4,564,997 |
| Prepaid assets | 16,267 | - | 16,267 |
| Total assets | <u>\$ 15,440,736</u> | <u>4,644,250</u> | <u>20,084,986</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,460,783 | - | 1,460,783 |
| Deposits from others | 73,123 | - | 73,123 |
| Total liabilities | <u>1,533,906</u> | <u>-</u> | <u>1,533,906</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Loans receivable | - | 3,810,276 | 3,810,276 |
| Microfilm fees | 341,037 | - | 341,037 |
| Prepaid assets | 16,267 | - | 16,267 |
| Unreserved, designated for: | | | |
| Subsequent year's expenditures | 5,881,873 | - | 5,881,873 |
| Unreserved, undesignated | 7,667,653 | 833,974 | 8,501,627 |
| Total fund balances | <u>13,906,830</u> | <u>4,644,250</u> | <u>18,551,080</u> |
| Total liabilities and fund balances | <u>\$ 15,440,736</u> | <u>4,644,250</u> | <u>20,084,986</u> |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Year ended June 30, 2009

| | General Fund | Big League Dreams | Total |
|--|-----------------------------|-------------------------|--------------------------|
| Revenues | | | |
| Taxes | \$ 15,994,362 | - | 15,994,362 |
| Intergovernmental | 179,523 | - | 179,523 |
| Licenses and permits | 875,795 | - | 875,795 |
| Fines and forfeitures | 298,537 | - | 298,537 |
| Charges for services | 3,698,391 | - | 3,698,391 |
| Development fees | 1,500,000 | - | 1,500,000 |
| Revenues from use of money and property | 418,807 | 447,521 | 866,328 |
| Miscellaneous | 205,272 | - | 205,272 |
| Total revenues | <u>23,170,687</u> | <u>447,521</u> | <u>23,618,208</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 6,697,112 | - | 6,697,112 |
| Community development | 2,771,652 | - | 2,771,652 |
| Culture and recreation | 137,029 | 2,665 | 139,694 |
| Public safety | 21,443,413 | - | 21,443,413 |
| Public works | 1,140,350 | - | 1,140,350 |
| Capital outlay | 112,522 | - | 112,522 |
| Total expenditures | <u>32,302,078</u> | <u>2,665</u> | <u>32,304,743</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(9,131,391)</u> | <u>444,856</u> | <u>(8,686,535)</u> |
| Other financing sources (uses) | | | |
| Transfers in | 7,249,124 | - | 7,249,124 |
| Transfers out | (687,019) | (480,828) | (1,167,847) |
| Proceeds from sale of capital assets | 257,191 | - | 257,191 |
| Total other financing sources (uses) | <u>6,819,296</u> | <u>(480,828)</u> | <u>6,338,468</u> |
| Net change in fund balances | <u>(2,312,095)</u> | <u>(35,972)</u> | <u>(2,348,067)</u> |
| Fund balances, beginning, as restated | <u>16,218,925</u> | <u>4,680,222</u> | <u>20,899,147</u> |
| Fund balances, ending | <u><u>\$ 13,906,830</u></u> | <u><u>4,644,250</u></u> | <u><u>18,551,080</u></u> |

This page intentionally left blank.





Combining and Individual Fund Statements and Schedules - Nonmajor Governmental Funds



This page intentionally left blank.



SPECIAL REVENUE FUNDS – Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Low and Moderate Income Housing – Accounts for low and moderate income housing expenditures for the Redevelopment Agency and 20% set aside of property tax increment revenues collected by the County of Riverside.

Master Underground Plan – Accounts for the cost of burying above ground utility lines. Financing is provided by a fee charged to developers.

Developer Fees – Accounts for revenue and expenditures for various developer fees imposed by the City and reserved for specific projects as designated by the individual fee approved by the City Council. Financing is provided by fees charged to developers.

TDA SB821 – Accounts for the revenue and expenditures under the Transportation Development Act (TDA) Article 3 Riverside County Transportation Commission (RCTC) approved projects. Projects are funded by the RCTC.

Traffic Safety – Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.

Community Development Block Grant – Accounts for capital projects designated in the grant. Financing is provided by the County of Riverside's Department of Housing and Community Development, which is a U.S. Department of Housing and Urban Development grant recipient.

State Gas Tax – Accounts for street improvement and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes.

Air Quality Improvement – Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.

State Asset Forfeiture Program – Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.

Police Grant – Accounts for revenues and expenditures related to state and federal grants for the City's Police Department.

Police Donations – Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.

Fire Donations – Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City's Fire Department projects.

Telecommunications Equipment – Accounts for receipts collected that are restricted for expenditures on telecommunications equipment.

Landscape and Lighting District – Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance for certain districts formed within the City.

(continued)

SPECIAL REVENUE FUNDS, (continued)

Measure A – Accounts for revenues provided by the County of Riverside Measure A. These funds are used for street improvements and engineering costs.

Special Deposits – Accounts for deposits held by the City for others. Such deposits may include developer security deposits, PM 10 deposits, and business owner deposits.

Transfer Station Road – Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.

Solid Waste – This fund accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.

DEBT SERVICE FUNDS – Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt of the City and the Redevelopment Agency.

Redevelopment Agency Area 1 – Accounts for principal and interest payments on long-term debt of the City's Redevelopment Agency via transfers out to the Public Financing Authority.

Redevelopment Agency Area 2 – Accounts for principal and interest payments on long-term debt of the City's Redevelopment Agency via transfers out to the Public Financing Authority.

2002 D Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series D via transfers out to the Public Financing Authority.

2002 E Housing Bonds – Accounts for principal and interest payments on the 2002 Tax Allocation Bonds, Series E via transfers out to the Public Financing Authority.

2004 Limited Obligation Bond A – Accounts for principal and interest payments on the Limited Obligation Improvement Bonds.

CAPITAL PROJECTS FUNDS – Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

Redevelopment Agency Administration – Accounts for administrative costs related to the City's Redevelopment Agency.

Redevelopment Agency Area 1 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 1).

Redevelopment Agency Area 2 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly the Merged Project Area (Nos. 1 and 2) and Project Area 2).

(continued)

CAPITAL PROJECTS FUNDS, (continued)

Redevelopment Agency Area 3 – Accounts for the acquisition, improvement, and rehabilitation of property within the 2006 Merged Redevelopment Project Area (formerly Project Area 3).

2002 D Housing Bond – Accounts for financial resources to be used for low and moderate housing development projects within the City.

2002 E Housing Bond – Accounts for financial resources to be used for low and moderate housing development projects within the City.

2004 TAB A – Accounts for reimbursement to the Merged Project Area for development of a hotel/golf course, reimbursement to the general fund for soft costs, and for miscellaneous capital improvements.

2004 TAB B – Accounts for loans to the developer for the hotel/golf course development.

2005 TAB A MPA – Accounts for miscellaneous capital improvements in the Merged Project Area (MPA) and Area 3.

2005 TAB A PA3 – Accounts for miscellaneous capital improvements in Project Area 3 (PA3).

Police and Fire Facilities – Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developers' fees.

Traffic Signalization – Accounts for the installation of traffic signals. Financing is provided by developers' fees.

Assessment District 85-1 – Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-1 – Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 86-5 – Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 87-2 – Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-2 – Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 88-3 – Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 2001-01 – Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

(continued)

CAPITAL PROJECTS FUNDS, (continued)

CFD Rio Vista – Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.

Assessment District 03-01 – Accounts for improvements within Assessment District 03-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

Assessment District 04-01 – Accounts for improvements within Assessment District 04-01. Financing is provided from the Limited Obligation Improvement Bonds issued.

2007 TAB A – Accounts for miscellaneous capital improvements within the 2006 Merged Redevelopment Project Area funded by the 2007 Tax Allocation Bonds, Series A.

This page intentionally left blank.



City of Cathedral City
Combining Balance Sheet
Nonmajor Governmental Funds by Fund Type
June 30, 2009

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|---|--------------------------------------|--|--|
| Assets | | | | |
| Cash and investments | \$ 15,959,098 | 2,841,903 | 32,523,168 | 51,324,169 |
| Interest receivable | 83,740 | 14,805 | 177,367 | 275,912 |
| Accounts receivable | 1,001,772 | 232 | 190,293 | 1,192,297 |
| Loans receivable | 1,606,650 | - | 6,462,706 | 8,069,356 |
| Prepaid assets | 1,454 | - | 1,800 | 3,254 |
| Deposits | - | - | 250,000 | 250,000 |
| Land held for resale | 6,543,840 | - | 19,134,676 | 25,678,516 |
| Restricted cash and investments: | | | | |
| Held with Redevelopment Agency | - | - | 12,897,000 | 12,897,000 |
| Held with fiscal agent | - | 2,201,382 | 959,647 | 3,161,029 |
| Total assets | <u>\$ 25,196,554</u> | <u>5,058,322</u> | <u>72,596,657</u> | <u>102,851,533</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,457,690 | - | 363,606 | 1,821,296 |
| Intergovernmental payable | 6,660 | - | - | 6,660 |
| Deposits from others | 572,432 | - | 22,282 | 594,714 |
| Due to other funds | 286,649 | - | - | 286,649 |
| Deferred revenue | 738,416 | - | 653,749 | 1,392,165 |
| Total liabilities | <u>3,061,847</u> | <u>-</u> | <u>1,039,637</u> | <u>4,101,484</u> |
| Fund balances: | | | | |
| Reserved: | | | | |
| Debt service | - | 5,058,322 | - | 5,058,322 |
| Deposits | - | - | 250,000 | 250,000 |
| Land held for resale | 6,543,840 | - | 19,134,676 | 25,678,516 |
| Loans receivable | 1,598,968 | - | 5,810,365 | 7,409,333 |
| Low and moderate housing | 8,291,182 | - | - | 8,291,182 |
| Prepaid assets | 1,454 | - | 1,800 | 3,254 |
| Unreserved - designated for: | | | | |
| Subsequent year's expenditures | 978,532 | - | - | 978,532 |
| Unreserved - undesignated | 4,720,731 | - | 46,360,179 | 51,080,910 |
| Total fund balances | <u>22,134,707</u> | <u>5,058,322</u> | <u>71,557,020</u> | <u>98,750,049</u> |
| Total liabilities and fund balances | <u>\$ 25,196,554</u> | <u>5,058,322</u> | <u>72,596,657</u> | <u>102,851,533</u> |

City of Cathedral City

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds by Fund Type
Year ended June 30, 2009

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--------------------------------------|--|--|
| Revenues | | | | |
| Taxes | \$ 5,496,466 | 5,800,004 | - | 11,296,470 |
| Intergovernmental | 3,675,101 | - | 14,742 | 3,689,843 |
| Fines and forfeitures | 576,231 | - | - | 576,231 |
| Charges for services | 735,009 | - | 12,749 | 747,758 |
| Special assessments | 386,215 | - | - | 386,215 |
| Development fees | 4,799 | - | 5,250 | 10,049 |
| Revenues from use of money and property | 416,987 | 88,606 | 1,558,002 | 2,063,595 |
| Miscellaneous | 437,115 | - | 27,200 | 464,315 |
| Total revenues | <u>11,727,923</u> | <u>5,888,610</u> | <u>1,617,943</u> | <u>19,234,476</u> |
| Expenditures | | | | |
| Current: | | | | |
| Community development | 3,194,919 | 160,197 | 5,126,756 | 8,481,872 |
| Public safety | 671,331 | - | 688,668 | 1,359,999 |
| Public works | 2,026,529 | - | - | 2,026,529 |
| Capital outlay | 1,629,102 | - | 1,241,975 | 2,871,077 |
| Payments under pass-through agreements | - | 895,901 | - | 895,901 |
| Debt service: | | | | |
| Principal | - | 2,235,000 | - | 2,235,000 |
| Interest | - | 330,730 | - | 330,730 |
| Other debt-related costs | - | 17,869 | - | 17,869 |
| Total expenditures | <u>7,521,881</u> | <u>3,639,697</u> | <u>7,057,399</u> | <u>18,218,977</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,206,042</u> | <u>2,248,913</u> | <u>(5,439,456)</u> | <u>1,015,499</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 259,442 | 5,219,011 | 5,734,846 | 11,213,299 |
| Transfers out | <u>(5,441,301)</u> | <u>(11,302,111)</u> | <u>(3,731,517)</u> | <u>(20,474,929)</u> |
| Total other financing sources (uses) | <u>(5,181,859)</u> | <u>(6,083,100)</u> | <u>2,003,329</u> | <u>(9,261,630)</u> |
| Net change in fund balances | (975,817) | (3,834,187) | (3,436,127) | (8,246,131) |
| Fund balances, beginning | <u>23,110,524</u> | <u>8,892,509</u> | <u>74,993,147</u> | <u>106,996,180</u> |
| Fund balances, ending | <u>\$ 22,134,707</u> | <u>5,058,322</u> | <u>71,557,020</u> | <u>98,750,049</u> |

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

| | Low and Moderate Income Housing | Master Underground Plan | Developer Fees |
|--------------------------------------|--|-------------------------------|-------------------|
| Assets | | | |
| Cash and investments | \$ 8,290,762 | 1,766,910 | 726,939 |
| Interest receivable | 43,190 | 9,204 | 3,795 |
| Accounts receivable | 296 | - | - |
| Loans receivable | 1,606,650 | - | - |
| Prepaid assets | - | - | - |
| Land held for resale | 6,497,070 | - | - |
| Total assets | <u>\$ 16,437,968</u> | <u>1,776,114</u> | <u>730,734</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 42,946 | - | - |
| Intergovernmental payable | - | - | - |
| Deposits from others | 120 | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | 7,682 | - | 730,734 |
| Total liabilities | <u>50,748</u> | <u>-</u> | <u>730,734</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Land held for resale | 6,497,070 | - | - |
| Loans receivable | 1,598,968 | - | - |
| Low and moderate housing | 8,291,182 | - | - |
| Prepaid assets | - | - | - |
| Unreserved - designated for: | | | |
| Subsequent year's expenditures | - | - | - |
| Unreserved - undesignated | - | 1,776,114 | - |
| Total fund balances (deficits) | <u>16,387,220</u> | <u>1,776,114</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 16,437,968</u> | <u>1,776,114</u> | <u>730,734</u> |

(continued)



| TDA SB821 | Traffic Safety | Community Development Block Grant |
|--------------|-------------------|---|
| 2,762 | 927,894 | 109,926 |
| 14 | 4,834 | 1,175 |
| - | 123,907 | - |
| - | - | - |
| - | - | - |
| - | - | - |
| 2,776 | 1,056,635 | 111,101 |
| - | 141,100 | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | 141,100 | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| 2,776 | 915,535 | 111,101 |
| 2,776 | 915,535 | 111,101 |
| 2,776 | 1,056,635 | 111,101 |

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:

Reserved:

Land held for resale
Loans receivable
Low and moderate housing
Prepaid assets

Unreserved - designated for:

Subsequent year's expenditures

Unreserved - undesignated

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (continued)

| | State Gas Tax | Air Quality Improvement | State Asset Forfeiture Program |
|--------------------------------------|---------------------|----------------------------|--------------------------------------|
| Assets | | | |
| Cash and investments | \$ 1,074,072 | 356,603 | 118,156 |
| Interest receivable | 5,595 | 1,857 | 616 |
| Accounts receivable | 175,678 | 139,800 | 50,000 |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Land held for resale | - | - | - |
| Total assets | <u>\$ 1,255,345</u> | <u>498,260</u> | <u>168,772</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 33,908 | 11,740 | - |
| Intergovernmental payable | - | 6,660 | - |
| Deposits from others | - | - | - |
| Due to other funds | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>33,908</u> | <u>18,400</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Land held for resale | - | - | - |
| Loans receivable | - | - | - |
| Low and moderate housing | - | - | - |
| Prepaid assets | - | - | - |
| Unreserved - designated for: | | | |
| Subsequent year's expenditures | 449,236 | - | - |
| Unreserved - undesignated | <u>772,201</u> | <u>479,860</u> | <u>168,772</u> |
| Total fund balances (deficits) | <u>1,221,437</u> | <u>479,860</u> | <u>168,772</u> |
| Total liabilities and fund balances | <u>\$ 1,255,345</u> | <u>498,260</u> | <u>168,772</u> |

(continued)



| Police Grant | Police Donations | Fire Donations |
|-----------------|---------------------|-------------------|
| 63,260 | 575,196 | 599,020 |
| 329 | 2,993 | 3,120 |
| 138,651 | 6,974 | 52,227 |
| - | - | - |
| - | 434 | - |
| - | - | - |
| <u>202,240</u> | <u>585,597</u> | <u>654,367</u> |
| 822 | 6,566 | 1,000 |
| - | - | - |
| - | - | - |
| 109,195 | - | - |
| - | - | - |
| <u>110,017</u> | <u>6,566</u> | <u>1,000</u> |
| - | - | - |
| - | - | - |
| - | - | - |
| - | 434 | - |
| - | - | - |
| <u>92,223</u> | <u>578,597</u> | <u>653,367</u> |
| <u>92,223</u> | <u>579,031</u> | <u>653,367</u> |
| <u>202,240</u> | <u>585,597</u> | <u>654,367</u> |

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:

Reserved:

Land held for resale
Loans receivable
Low and moderate housing
Prepaid assets

Unreserved - designated for:

Subsequent year's expenditures

Unreserved - undesignated

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (continued)

| | Telecom- munications Equipment | Landscape and Lighting District | Measure A |
|--------------------------------------|--------------------------------------|---------------------------------------|----------------|
| Assets | | | |
| Cash and investments | \$ - | - | 339,060 |
| Interest receivable | - | - | 1,766 |
| Accounts receivable | - | 11,794 | 238,572 |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Land held for resale | - | - | - |
| Total assets | <u>\$ -</u> | <u>11,794</u> | <u>579,398</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | 18,155 | 50,102 |
| Intergovernmental payable | - | - | - |
| Deposits from others | - | - | - |
| Due to other funds | - | 4,808 | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>-</u> | <u>22,963</u> | <u>50,102</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Land held for resale | - | - | - |
| Loans receivable | - | - | - |
| Low and moderate housing | - | - | - |
| Prepaid assets | - | - | - |
| Unreserved - designated for: | | | |
| Subsequent year's expenditures | - | - | 529,296 |
| Unreserved - undesignated | - | (11,169) | - |
| Total fund balances (deficits) | <u>-</u> | <u>(11,169)</u> | <u>529,296</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>11,794</u> | <u>579,398</u> |

(continued)



| Special Deposits | Transfer Station Road | Solid Waste |
|---------------------|-----------------------------|------------------|
| 739,232 | - | 269,306 |
| 3,849 | - | 1,403 |
| - | 47,920 | 15,953 |
| - | - | - |
| - | - | 1,020 |
| - | - | 46,770 |
| <u>743,081</u> | <u>47,920</u> | <u>334,452</u> |
| 70,910 | - | 1,080,441 |
| - | - | - |
| 572,312 | - | - |
| - | 172,646 | - |
| - | - | - |
| <u>643,222</u> | <u>172,646</u> | <u>1,080,441</u> |
| - | - | 46,770 |
| - | - | - |
| - | - | - |
| - | - | 1,020 |
| - | - | - |
| <u>99,859</u> | <u>(124,726)</u> | <u>(793,779)</u> |
| <u>99,859</u> | <u>(124,726)</u> | <u>(745,989)</u> |
| <u>743,081</u> | <u>47,920</u> | <u>334,452</u> |

Assets

Cash and investments
Interest receivable
Accounts receivable
Loans receivable
Prepaid assets
Land held for resale

Total assets

Liabilities and Fund Balances

Liabilities:

Accounts payable
Intergovernmental payable
Deposits from others
Due to other funds
Deferred revenue

Total liabilities

Fund balances:

Reserved:

Land held for resale
Loans receivable
Low and moderate housing
Prepaid assets

Unreserved - designated for:

Subsequent year's expenditures

Unreserved - undesignated

Total fund balances (deficits)

Total liabilities and fund balances

City of Cathedral City
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (continued)

| | <u>Total</u> |
|--------------------------------------|-----------------------------|
| Assets | |
| Cash and investments | \$ 15,959,098 |
| Interest receivable | 83,740 |
| Accounts receivable | 1,001,772 |
| Loans receivable | 1,606,650 |
| Prepaid assets | 1,454 |
| Land held for resale | <u>6,543,840</u> |
| Total assets | <u><u>\$ 25,196,554</u></u> |
| Liabilities and Fund Balances | |
| Liabilities: | |
| Accounts payable | \$ 1,457,690 |
| Intergovernmental payable | 6,660 |
| Deposits from others | 572,432 |
| Due to other funds | 286,649 |
| Deferred revenue | <u>738,416</u> |
| Total liabilities | <u>3,061,847</u> |
| Fund balances: | |
| Reserved: | |
| Land held for resale | 6,543,840 |
| Loans receivable | 1,598,968 |
| Low and moderate housing | 8,291,182 |
| Prepaid assets | 1,454 |
| Unreserved - designated for: | |
| Subsequent year's expenditures | 978,532 |
| Unreserved - undesignated | <u>4,720,731</u> |
| Total fund balances (deficits) | <u>22,134,707</u> |
| Total liabilities and fund balances | <u><u>\$ 25,196,554</u></u> |

This page intentionally left blank.



City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2009

| | Low and Moderate Income Housing | Master Underground Plan | Developer Fees |
|--|--|-------------------------------|-------------------|
| Revenues | | | |
| Taxes | \$ 5,496,466 | - | - |
| Intergovernmental | - | - | - |
| Fines and forfeitures | - | - | - |
| Charges for services | - | - | - |
| Special assessments | - | - | - |
| Development fees | - | 4,799 | - |
| Revenues from use of money and property | 199,928 | 51,909 | - |
| Miscellaneous | 52,106 | - | - |
| Total revenues | 5,748,500 | 56,708 | - |
| Expenditures | | | |
| Current: | | | |
| Community development | 2,257,835 | 665 | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Capital outlay | 204,351 | - | - |
| Total expenditures | 2,462,186 | 665 | - |
| Excess (deficiency) of revenues over (under) expenditures | 3,286,314 | 56,043 | - |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | (3,528,839) | - | - |
| Total other financing sources (uses) | (3,528,839) | - | - |
| Net change in fund balances | (242,525) | 56,043 | - |
| Fund balances (deficits), beginning | 16,629,745 | 1,720,071 | - |
| Fund balances (deficits), ending | \$ 16,387,220 | 1,776,114 | - |

(continued)



| TDA SB821 | Traffic Safety | Community Development Block Grant |
|------------------|-------------------|---|
| - | - | - |
| 282,089 | - | 292,707 |
| - | 469,287 | - |
| - | - | - |
| - | - | - |
| 16 | 26,801 | 1,597 |
| - | 525 | - |
| <u>282,105</u> | <u>496,613</u> | <u>294,304</u> |
| 22,682 | - | - |
| - | 129,908 | - |
| - | - | - |
| <u>23,627</u> | <u>219,015</u> | <u>118,288</u> |
| <u>46,309</u> | <u>348,923</u> | <u>118,288</u> |
| <u>235,796</u> | <u>147,690</u> | <u>176,016</u> |
| - | - | - |
| - | (134,340) | (115,695) |
| - | (134,340) | (115,695) |
| 235,796 | 13,350 | 60,321 |
| <u>(233,020)</u> | <u>902,185</u> | <u>50,780</u> |
| <u>2,776</u> | <u>915,535</u> | <u>111,101</u> |

Revenues

Taxes
Intergovernmental
Fines and forfeitures
Charges for services
Special assessments
Development fees
Revenues from use of money and property
Miscellaneous

Total revenues

Expenditures

Current:

Community development
Public safety
Public works
Capital outlay

Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

| | State Gas Tax | Air Quality Improvement | State Asset Forfeiture Program |
|--|---------------------|----------------------------|--------------------------------------|
| Revenues | | | |
| Taxes | \$ - | - | - |
| Intergovernmental | 1,279,248 | 180,477 | - |
| Fines and forfeitures | - | - | 106,944 |
| Charges for services | - | - | - |
| Special assessments | - | - | - |
| Development fees | - | - | - |
| Revenues from use of money and property | 31,465 | 10,745 | 3,910 |
| Miscellaneous | - | - | - |
| Total revenues | <u>1,310,713</u> | <u>191,222</u> | <u>110,854</u> |
| Expenditures | | | |
| Current: | | | |
| Community development | - | 59,402 | - |
| Public safety | - | - | - |
| Public works | 975,743 | - | - |
| Capital outlay | <u>126,907</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>1,102,650</u> | <u>59,402</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>208,063</u> | <u>131,820</u> | <u>110,854</u> |
| Other financing sources (uses) | | | |
| Transfers in | 28,925 | - | - |
| Transfers out | <u>(190,000)</u> | <u>-</u> | <u>(5,100)</u> |
| Total other financing sources (uses) | <u>(161,075)</u> | <u>-</u> | <u>(5,100)</u> |
| Net change in fund balances | 46,988 | 131,820 | 105,754 |
| Fund balances (deficits), beginning | <u>1,174,449</u> | <u>348,040</u> | <u>63,018</u> |
| Fund balances (deficits), ending | <u>\$ 1,221,437</u> | <u>479,860</u> | <u>168,772</u> |

(continued)



| Police Grant | Police Donations | Fire Donations |
|-----------------|---------------------|-------------------|
| - | - | - |
| 384,697 | - | 148,962 |
| - | - | - |
| - | - | - |
| - | - | - |
| 10,468 | 19,680 | 19,283 |
| - | 174,694 | 209,790 |
| 395,165 | 194,374 | 378,035 |
| - | - | - |
| 174,409 | 239,841 | 127,173 |
| - | - | - |
| 38,293 | - | - |
| 212,702 | 239,841 | 127,173 |
| 182,463 | (45,467) | 250,862 |
| - | 5,100 | - |
| (440,063) | (101,003) | (176,889) |
| (440,063) | (95,903) | (176,889) |
| (257,600) | (141,370) | 73,973 |
| 349,823 | 720,401 | 579,394 |
| 92,223 | 579,031 | 653,367 |

Revenues

Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Development fees
 Revenues from use of money and property
 Miscellaneous
 Total revenues

Expenditures

Current:
 Community development
 Public safety
 Public works
 Capital outlay
 Total expenditures
 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out
 Total other financing sources (uses)
 Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

| | Telecom- munications Equipment | Landscape and Lighting District | Measure A |
|--|--------------------------------------|---------------------------------------|-------------|
| Revenues | | | |
| Taxes | \$ - | - | - |
| Intergovernmental | - | - | 1,093,249 |
| Fines and forfeitures | - | - | - |
| Charges for services | - | - | - |
| Special assessments | - | 386,215 | - |
| Development fees | - | - | - |
| Revenues from use of money and property | - | - | 17,907 |
| Miscellaneous | - | - | - |
| Total revenues | - | 386,215 | 1,111,156 |
| Expenditures | | | |
| Current: | | | |
| Community development | - | 183,245 | 242,352 |
| Public safety | - | - | - |
| Public works | - | - | 1,040,219 |
| Capital outlay | - | - | 898,621 |
| Total expenditures | - | 183,245 | 2,181,192 |
| Excess (deficiency) of revenues over (under) expenditures | - | 202,970 | (1,070,036) |
| Other financing sources (uses) | | | |
| Transfers in | - | 196,492 | 28,925 |
| Transfers out | - | (494,481) | (87,460) |
| Total other financing sources (uses) | - | (297,989) | (58,535) |
| Net change in fund balances | - | (95,019) | (1,128,571) |
| Fund balances (deficits), beginning | - | 83,850 | 1,657,867 |
| Fund balances (deficits), ending | \$ - | (11,169) | 529,296 |

(continued)



| Special Deposits | Transfer Station Road | Solid Waste |
|---------------------|-----------------------------|------------------|
| - | - | - |
| - | - | 13,672 |
| - | 309,591 | 425,418 |
| - | - | - |
| - | - | - |
| 20,663 | - | 2,615 |
| - | - | - |
| <u>20,663</u> | <u>309,591</u> | <u>441,705</u> |
| - | - | 428,738 |
| - | - | - |
| - | 10,567 | - |
| - | - | - |
| - | <u>10,567</u> | <u>428,738</u> |
| <u>20,663</u> | <u>299,024</u> | <u>12,967</u> |
| - | - | - |
| - | - | (167,431) |
| - | - | <u>(167,431)</u> |
| 20,663 | 299,024 | (154,464) |
| 79,196 | (423,750) | (591,525) |
| <u>99,859</u> | <u>(124,726)</u> | <u>(745,989)</u> |

Revenues

Taxes
 Intergovernmental
 Fines and forfeitures
 Charges for services
 Special assessments
 Development fees
 Revenues from use of money and property
 Miscellaneous

 Total revenues

Expenditures

Current:
 Community development
 Public safety
 Public works
 Capital outlay

 Total expenditures

 Excess (deficiency) of revenues
 over (under) expenditures

Other financing sources (uses)

Transfers in
 Transfers out

 Total other financing sources (uses)

 Net change in fund balances

Fund balances (deficits), beginning

Fund balances (deficits), ending

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

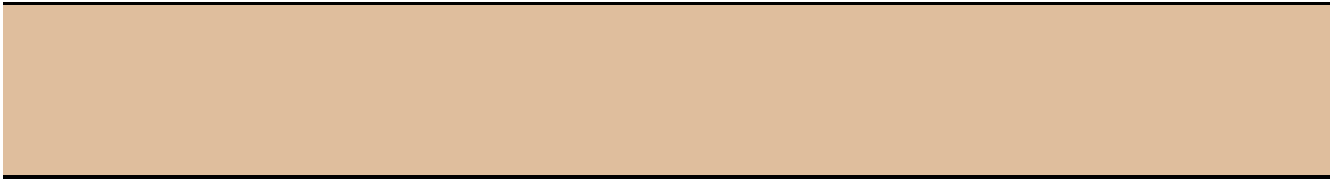
| | <u>Total</u> |
|--|-----------------------------|
| Revenues | |
| Taxes | \$ 5,496,466 |
| Intergovernmental | 3,675,101 |
| Fines and forfeitures | 576,231 |
| Charges for services | 735,009 |
| Special assessments | 386,215 |
| Development fees | 4,799 |
| Revenues from use of money and property | 416,987 |
| Miscellaneous | <u>437,115</u> |
| Total revenues | <u>11,727,923</u> |
| Expenditures | |
| Current: | |
| Community development | 3,194,919 |
| Public safety | 671,331 |
| Public works | 2,026,529 |
| Capital outlay | <u>1,629,102</u> |
| Total expenditures | <u>7,521,881</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,206,042</u> |
| Other financing sources (uses) | |
| Transfers in | 259,442 |
| Transfers out | <u>(5,441,301)</u> |
| Total other financing sources (uses) | <u>(5,181,859)</u> |
| Net change in fund balances | (975,817) |
| Fund balances (deficits), beginning | <u>23,110,524</u> |
| Fund balances (deficits), ending | <u><u>\$ 22,134,707</u></u> |

This page intentionally left blank.



**City of Cathedral City
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2009**

| | Redevelopment Agency Area 1 | Redevelopment Agency Area 2 | 2002 D Housing Bonds |
|--|--------------------------------|--------------------------------|----------------------------|
| Assets | | | |
| Cash and investments | \$ 244,665 | 2,592,677 | 1,863 |
| Interest receivable | 1,275 | 13,506 | 10 |
| Accounts receivable | 105 | 127 | - |
| Restricted assets: | | | |
| Cash and investments with fiscal agent | - | - | 58 |
| Total assets | <u>\$ 246,045</u> | <u>2,606,310</u> | <u>1,931</u> |
| Fund Balances | | | |
| Fund balances: | | | |
| Reserved: | | | |
| Debt service | <u>\$ 246,045</u> | <u>2,606,310</u> | <u>1,931</u> |
| Total fund balances | <u>\$ 246,045</u> | <u>2,606,310</u> | <u>1,931</u> |



| 2002 E Housing Bonds | 2004 Limited Obligation Bond A | Total |
|----------------------------|--------------------------------------|-----------|
| 2,698 | - | 2,841,903 |
| 14 | - | 14,805 |
| - | - | 232 |
| 30 | 2,201,294 | 2,201,382 |
| 2,742 | 2,201,294 | 5,058,322 |
| | | |
| 2,742 | 2,201,294 | 5,058,322 |
| 2,742 | 2,201,294 | 5,058,322 |

| |
|--|
| Assets |
| Cash and investments |
| Interest receivable |
| Accounts receivable |
| Restricted assets: |
| Cash and investments with fiscal agent |
| Total assets |

| |
|----------------------|
| Fund Balances |
| Fund balances: |
| Reserved: |
| Debt service |
| Total fund balances |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year ended June 30, 2009

| | Redevelopment Agency Area 1 | Redevelopment Agency Area 2 | 2002 D Housing Bonds |
|--|--------------------------------|--------------------------------|----------------------------|
| Revenues | | | |
| Taxes | \$ 1,350,147 | 4,449,857 | - |
| Revenues from use of money and property | 8,737 | 53,064 | 207 |
| Total revenues | 1,358,884 | 4,502,921 | 207 |
| Expenditures | | | |
| Community development | 20,681 | 139,516 | - |
| Payments under pass-through agreements | 145,791 | 750,110 | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Other debt-related costs | 250 | 9,919 | 4,146 |
| Total expenditures | 166,722 | 899,545 | 4,146 |
| Excess (deficiency) of revenues over (under) expenditures | 1,192,162 | 3,603,376 | (3,939) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | 1,427,717 |
| Transfers out | (2,280,731) | (6,569,282) | (1,422,744) |
| Total other financing sources (uses) | (2,280,731) | (6,569,282) | 4,973 |
| Net change in fund balances | (1,088,569) | (2,965,906) | 1,034 |
| Fund balances, beginning | 1,334,614 | 5,572,216 | 897 |
| Fund balances, ending | \$ 246,045 | 2,606,310 | 1,931 |



| 2002 E Housing Bonds | 2004 Limited Obligation Bond A | Total | |
|----------------------------|--------------------------------------|--------------|--|
| - | - | 5,800,004 | Revenues |
| 181 | 26,417 | 88,606 | Taxes |
| 181 | 26,417 | 5,888,610 | Revenues from use of money and property |
| | | | Total revenues |
| - | - | 160,197 | Expenditures |
| - | - | 895,901 | Community development |
| - | 2,235,000 | 2,235,000 | Payments under pass-through agreements |
| - | 330,730 | 330,730 | Debt service: |
| 3,554 | - | 17,869 | Principal |
| 3,554 | 2,565,730 | 3,639,697 | Interest |
| | | | Other debt-related costs |
| | | | Total expenditures |
| (3,373) | (2,539,313) | 2,248,913 | Excess (deficiency) of revenues over (under) expenditures |
| 1,034,017 | 2,757,277 | 5,219,011 | Other financing sources (uses) |
| (1,029,354) | - | (11,302,111) | Transfers in |
| 4,663 | 2,757,277 | (6,083,100) | Transfers out |
| 1,290 | 217,964 | (3,834,187) | Total other financing sources (uses) |
| 1,452 | 1,983,330 | 8,892,509 | Net change in fund balances |
| 2,742 | 2,201,294 | 5,058,322 | Fund balances, beginning |
| | | | Fund balances, ending |

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009

| | Redevelopment Agency Administration | Redevelopment Agency Area 1 | Redevelopment Agency Area 2 |
|--------------------------------------|---|-----------------------------------|-----------------------------------|
| Assets | | | |
| Cash and investments | \$ 668,342 | 1,452,503 | 1,111,458 |
| Interest receivable | 3,482 | 7,567 | 5,187 |
| Accounts receivable | 190,274 | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | 1,800 | - | - |
| Deposits | - | - | - |
| Land held for resale | 230,807 | 1,378,622 | 3,420,803 |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | - | - | - |
| Held with fiscal agent | - | - | - |
| Total assets | <u>\$ 1,094,705</u> | <u>2,838,692</u> | <u>4,537,448</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 222,231 | - | - |
| Deposits from others | 22,282 | - | - |
| Deferred revenue | 1,408 | - | - |
| Total liabilities | <u>245,921</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Deposits | - | - | - |
| Land held for resale | 230,807 | 1,378,622 | 3,420,803 |
| Loans receivable | - | - | - |
| Prepaid assets | 1,800 | - | - |
| Unreserved | 616,177 | 1,460,070 | 1,116,645 |
| Total fund balances | <u>848,784</u> | <u>2,838,692</u> | <u>4,537,448</u> |
| Total liabilities and fund balances | <u>\$ 1,094,705</u> | <u>2,838,692</u> | <u>4,537,448</u> |

(continued)



| Redevelopment Agency Area 3 | 2002 D Housing Bond | 2002 E Housing Bond | |
|-----------------------------------|---------------------------|---------------------------|--------------------------------------|
| 2,474,034 | 6,827,498 | 4,373,141 | Assets |
| 12,888 | 35,568 | 22,782 | Cash and investments |
| - | - | - | Interest receivable |
| - | - | - | Accounts receivable |
| - | - | 6,432,341 | Loans receivable |
| - | - | - | Prepaid assets |
| - | 250,000 | - | Deposits |
| 3,047,989 | 1,381,001 | 4,999,126 | Land held for resale |
| - | - | - | Restricted cash and investments: |
| - | - | - | Held with Redevelopment Agency |
| | | | Held with fiscal agent |
| <u>5,534,911</u> | <u>8,494,067</u> | <u>15,827,390</u> | Total assets |
| | | | Liabilities and Fund Balances |
| - | - | - | Liabilities: |
| - | - | - | Accounts payable |
| - | - | - | Deposits from others |
| | | 652,341 | Deferred revenue |
| - | - | 652,341 | Total liabilities |
| | | | Fund balances: |
| - | 250,000 | - | Reserved: |
| 3,047,989 | 1,381,001 | 4,999,126 | Deposits |
| - | - | 5,780,000 | Land held for resale |
| - | - | - | Loans receivable |
| 2,486,922 | 6,863,066 | 4,395,923 | Prepaid assets |
| | | | Unreserved |
| <u>5,534,911</u> | <u>8,494,067</u> | <u>15,175,049</u> | Total fund balances |
| <u>5,534,911</u> | <u>8,494,067</u> | <u>15,827,390</u> | Total liabilities and fund balances |

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009 (continued)

| | 2004 TAB A | 2004 TAB B | 2005 TAB A MPA |
|--------------------------------------|-------------------|------------------|----------------------|
| Assets | | | |
| Cash and investments | \$ 214,214 | 9,698,639 | 1,492,380 |
| Interest receivable | 1,323 | 50,524 | 7,568 |
| Accounts receivable | - | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Deposits | - | - | - |
| Land held for resale | - | - | 676,328 |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | - | - | - |
| Held with fiscal agent | - | - | - |
| Total assets | <u>\$ 215,537</u> | <u>9,749,163</u> | <u>2,176,276</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | - | 4,000 |
| Deposits from others | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>4,000</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Deposits | - | - | - |
| Land held for resale | - | - | 676,328 |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Unreserved | 215,537 | 9,749,163 | 1,495,948 |
| Total fund balances | <u>215,537</u> | <u>9,749,163</u> | <u>2,172,276</u> |
| Total liabilities and fund balances | <u>\$ 215,537</u> | <u>9,749,163</u> | <u>2,176,276</u> |

(continued)



| 2005 TAB A PA3 | Police and Fire Facilities | Traffic Signalization | |
|----------------------|-------------------------------|--------------------------|--------------------------------------|
| 849,778 | 5,159 | 186,781 | Assets |
| 4,427 | 27 | 973 | Cash and investments |
| - | - | - | Interest receivable |
| - | - | - | Accounts receivable |
| - | - | - | Loans receivable |
| - | - | - | Prepaid assets |
| - | - | - | Deposits |
| - | - | - | Land held for resale |
| - | - | - | Restricted cash and investments: |
| - | - | - | Held with Redevelopment Agency |
| - | - | - | Held with fiscal agent |
| 854,205 | 5,186 | 187,754 | Total assets |
| - | - | 15,393 | Liabilities and Fund Balances |
| - | - | - | Liabilities: |
| - | - | - | Accounts payable |
| - | - | - | Deposits from others |
| - | - | - | Deferred revenue |
| - | - | 15,393 | Total liabilities |
| - | - | - | Fund balances: |
| - | - | - | Reserved: |
| - | - | - | Deposits |
| - | - | - | Land held for resale |
| - | - | - | Loans receivable |
| - | - | - | Prepaid assets |
| 854,205 | 5,186 | 172,361 | Unreserved |
| 854,205 | 5,186 | 172,361 | Total fund balances |
| 854,205 | 5,186 | 187,754 | Total liabilities and fund balances |

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009 (continued)

| | Assessment District 85-1 | Assessment District 86-1 | Assessment District 86-5 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | |
| Cash and investments | \$ 1,892 | 33,408 | 52,994 |
| Interest receivable | - | - | - |
| Accounts receivable | - | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Deposits | - | - | - |
| Land held for resale | - | - | - |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | - | - | - |
| Held with fiscal agent | - | - | - |
| Total assets | <u>\$ 1,892</u> | <u>33,408</u> | <u>52,994</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | - | - |
| Deposits from others | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Deposits | - | - | - |
| Land held for resale | - | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Unreserved | 1,892 | 33,408 | 52,994 |
| Total fund balances | <u>1,892</u> | <u>33,408</u> | <u>52,994</u> |
| Total liabilities and fund balances | <u>\$ 1,892</u> | <u>33,408</u> | <u>52,994</u> |

(continued)



| Assessment District 87-2 | Assessment District 88-2 | Assessment District 88-3 | |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|
| 1,301 | 788 | - | Assets |
| - | - | - | Cash and investments |
| - | - | - | Interest receivable |
| - | - | - | Accounts receivable |
| - | - | - | Loans receivable |
| - | - | - | Prepaid assets |
| - | - | - | Deposits |
| - | - | - | Land held for resale |
| - | - | - | Restricted cash and investments: |
| - | - | - | Held with Redevelopment Agency |
| - | - | - | Held with fiscal agent |
| 1,301 | 788 | - | Total assets |
| | | | Liabilities and Fund Balances |
| | | | Liabilities: |
| - | - | - | Accounts payable |
| - | - | - | Deposits from others |
| - | - | - | Deferred revenue |
| - | - | - | Total liabilities |
| | | | Fund balances: |
| | | | Reserved: |
| - | - | - | Deposits |
| - | - | - | Land held for resale |
| - | - | - | Loans receivable |
| - | - | - | Prepaid assets |
| 1,301 | 788 | - | Unreserved |
| 1,301 | 788 | - | Total fund balances |
| 1,301 | 788 | - | Total liabilities and fund balances |

City of Cathedral City
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009 (continued)

| | Assessment District 2001-01 | CFD Rio Vista | Assessment District 03-01 |
|--------------------------------------|--------------------------------|------------------|------------------------------|
| Assets | | | |
| Cash and investments | \$ 123,120 | - | 560,460 |
| Interest receivable | - | - | - |
| Accounts receivable | - | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Deposits | - | - | - |
| Land held for resale | - | - | - |
| Restricted cash and investments: | | | |
| Held with Redevelopment Agency | - | - | - |
| Held with fiscal agent | 99,794 | 108,207 | 751,646 |
| Total assets | <u>\$ 222,914</u> | <u>108,207</u> | <u>1,312,106</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | - | - |
| Deposits from others | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Deposits | - | - | - |
| Land held for resale | - | - | - |
| Loans receivable | - | - | - |
| Prepaid assets | - | - | - |
| Unreserved | 222,914 | 108,207 | 1,312,106 |
| Total fund balances | <u>222,914</u> | <u>108,207</u> | <u>1,312,106</u> |
| Total liabilities and fund balances | <u>\$ 222,914</u> | <u>108,207</u> | <u>1,312,106</u> |

(continued)



| Assessment District 04-01 | 2007 TAB A | Total | |
|------------------------------|-------------------|-------------------|--------------------------------------|
| 553,894 | 1,841,384 | 32,523,168 | Assets |
| - | 25,051 | 177,367 | Cash and investments |
| - | 19 | 190,293 | Interest receivable |
| - | 30,365 | 6,462,706 | Accounts receivable |
| - | - | 1,800 | Loans receivable |
| - | - | 250,000 | Prepaid assets |
| - | 4,000,000 | 19,134,676 | Deposits |
| - | - | - | Land held for resale |
| - | 12,897,000 | 12,897,000 | Restricted cash and investments: |
| - | - | 959,647 | Held with Redevelopment Agency |
| | | | Held with fiscal agent |
| <u>553,894</u> | <u>18,793,819</u> | <u>72,596,657</u> | Total assets |
| | | | Liabilities and Fund Balances |
| - | 121,982 | 363,606 | Liabilities: |
| - | - | 22,282 | Accounts payable |
| - | - | 653,749 | Deposits from others |
| | | | Deferred revenue |
| - | 121,982 | 1,039,637 | Total liabilities |
| | | | Fund balances: |
| - | - | 250,000 | Reserved: |
| - | 4,000,000 | 19,134,676 | Deposits |
| - | 30,365 | 5,810,365 | Land held for resale |
| - | - | 1,800 | Loans receivable |
| 553,894 | 14,641,472 | 46,360,179 | Prepaid assets |
| | | | Unreserved |
| <u>553,894</u> | <u>18,671,837</u> | <u>71,557,020</u> | Total fund balances |
| <u>553,894</u> | <u>18,793,819</u> | <u>72,596,657</u> | Total liabilities and fund balances |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2009

| | Redevelopment Agency Administration | Redevelopment Agency Area 1 | Redevelopment Agency Area 2 |
|--|---|-----------------------------------|-----------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 14,742 | - | - |
| Charges for services | 12,749 | - | - |
| Development fees | - | - | - |
| Revenues from use of money and property | 453,270 | 42,608 | 29,162 |
| Miscellaneous | 27,200 | - | - |
| Total revenues | <u>507,961</u> | <u>42,608</u> | <u>29,162</u> |
| Expenditures | | | |
| Community development | 3,745,343 | 2,573 | - |
| Public safety | 656,289 | - | - |
| Capital outlay | 359,095 | 109,428 | - |
| Total expenditures | <u>4,760,727</u> | <u>112,001</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,252,766)</u> | <u>(69,393)</u> | <u>29,162</u> |
| Other financing sources (uses) | | | |
| Transfers in | 5,619,151 | - | 115,695 |
| Transfers out | (1,530,691) | - | - |
| Total other financing sources (uses) | <u>4,088,460</u> | <u>-</u> | <u>115,695</u> |
| Net change in fund balances | (164,306) | (69,393) | 144,857 |
| Fund balances, beginning | <u>1,013,090</u> | <u>2,908,085</u> | <u>4,392,591</u> |
| Fund balances, ending | <u>\$ 848,784</u> | <u>2,838,692</u> | <u>4,537,448</u> |

(continued)



| Redevelopment Agency Area 3 | 2002 D Housing Bond | 2002 E Housing Bond | |
|-----------------------------------|---------------------------|---------------------------|--|
| - | - | - | Revenues |
| - | - | - | Intergovernmental |
| - | - | - | Charges for services |
| 70,079 | 204,807 | 127,614 | Development fees |
| - | - | - | Revenues from use of money and property |
| 70,079 | 204,807 | 127,614 | Miscellaneous |
| | | | Total revenues |
| 462,441 | 152,531 | 14,503 | Expenditures |
| - | - | - | Community development |
| 109,022 | - | - | Public safety |
| 571,463 | 152,531 | 14,503 | Capital outlay |
| | | | Total expenditures |
| (501,384) | 52,276 | 113,111 | Excess (deficiency) of revenues over (under) expenditures |
| - | - | - | Other financing sources (uses) |
| - | - | - | Transfers in |
| - | - | - | Transfers out |
| - | - | - | Total other financing sources (uses) |
| (501,384) | 52,276 | 113,111 | Net change in fund balances |
| 6,036,295 | 8,441,791 | 15,061,938 | Fund balances, beginning |
| 5,534,911 | 8,494,067 | 15,175,049 | Fund balances, ending |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2009 (continued)

| | 2004 TAB A | 2004 TAB B | 2005 TAB A MPA |
|--|--------------------|------------------|----------------------|
| Revenues | | | |
| Intergovernmental | \$ - | - | - |
| Charges for services | - | - | - |
| Development fees | - | - | - |
| Revenues from use of money and property | 9,656 | 285,020 | 51,718 |
| Miscellaneous | - | - | - |
| Total revenues | <u>9,656</u> | <u>285,020</u> | <u>51,718</u> |
| Expenditures | | | |
| Community development | (176) | - | 109,402 |
| Public safety | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | <u>(176)</u> | <u>-</u> | <u>109,402</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>9,832</u> | <u>285,020</u> | <u>(57,684)</u> |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | <u>(2,200,826)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(2,200,826)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>(2,190,994)</u> | <u>285,020</u> | <u>(57,684)</u> |
| Fund balances, beginning | <u>2,406,531</u> | <u>9,464,143</u> | <u>2,229,960</u> |
| Fund balances, ending | <u>\$ 215,537</u> | <u>9,749,163</u> | <u>2,172,276</u> |

(continued)



| 2005 TAB A PA3 | Police and Fire Facilities | Traffic Signalization | |
|----------------------|-------------------------------|--------------------------|--|
| - | - | - | Revenues |
| - | - | - | Intergovernmental |
| - | 3,500 | 1,750 | Charges for services |
| 25,138 | 139 | 5,757 | Development fees |
| - | - | - | Revenues from use of money and property |
| 25,138 | 3,639 | 7,507 | Miscellaneous |
| | | | Total revenues |
| 13,072 | - | - | Expenditures |
| - | 600 | 31,779 | Community development |
| - | - | 43,480 | Public safety |
| 13,072 | 600 | 75,259 | Capital outlay |
| | | | Total expenditures |
| 12,066 | 3,039 | (67,752) | Excess (deficiency) of revenues over (under) expenditures |
| - | - | - | Other financing sources (uses) |
| - | - | - | Transfers in |
| - | - | - | Transfers out |
| - | - | - | Total other financing sources (uses) |
| 12,066 | 3,039 | (67,752) | Net change in fund balances |
| 842,139 | 2,147 | 240,113 | Fund balances, beginning |
| 854,205 | 5,186 | 172,361 | Fund balances, ending |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2009 (continued)

| | Assessment District 85-1 | Assessment District 86-1 | Assessment District 86-5 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Revenues | | | |
| Intergovernmental | \$ - | - | - |
| Charges for services | - | - | - |
| Development fees | - | - | - |
| Revenues from use of money and property | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | - | - | - |
| Expenditures | | | |
| Community development | - | - | - |
| Public safety | - | - | - |
| Capital outlay | - | 316,000 | 45,000 |
| Total expenditures | - | 316,000 | 45,000 |
| Excess (deficiency) of revenues over (under) expenditures | - | (316,000) | (45,000) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | - | (316,000) | (45,000) |
| Fund balances, beginning | 1,892 | 349,408 | 97,994 |
| Fund balances, ending | \$ 1,892 | 33,408 | 52,994 |

(continued)



| Assessment District 87-2 | Assessment District 88-2 | Assessment District 88-3 | |
|-----------------------------|-----------------------------|-----------------------------|--|
| - | - | - | Revenues |
| - | - | - | Intergovernmental |
| - | - | - | Charges for services |
| - | - | - | Development fees |
| - | - | - | Revenues from use of money and property |
| - | - | - | Miscellaneous |
| - | - | - | Total revenues |
| - | - | - | Expenditures |
| - | - | - | Community development |
| - | - | - | Public safety |
| - | 65,000 | 44,000 | Capital outlay |
| - | 65,000 | 44,000 | Total expenditures |
| - | (65,000) | (44,000) | Excess (deficiency) of revenues over (under) expenditures |
| - | - | - | Other financing sources (uses) |
| - | - | - | Transfers in |
| - | - | - | Transfers out |
| - | - | - | Total other financing sources (uses) |
| - | (65,000) | (44,000) | Net change in fund balances |
| 1,301 | 65,788 | 44,000 | Fund balances, beginning |
| 1,301 | 788 | - | Fund balances, ending |

City of Cathedral City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year ended June 30, 2009 (continued)

| | Assessment District 2001-01 | CFD Rio Vista | Assessment District 03-01 |
|--|--------------------------------|------------------|------------------------------|
| Revenues | | | |
| Intergovernmental | \$ - | - | - |
| Charges for services | - | - | - |
| Development fees | - | - | - |
| Revenues from use of money and property | 622 | - | 3,907 |
| Miscellaneous | - | - | - |
| Total revenues | 622 | - | 3,907 |
| Expenditures | | | |
| Community development | - | - | - |
| Public safety | - | - | - |
| Capital outlay | 125,000 | - | - |
| Total expenditures | 125,000 | - | - |
| Excess (deficiency) of revenues over (under) expenditures | (124,378) | - | 3,907 |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (124,378) | - | 3,907 |
| Fund balances, beginning | 347,292 | 108,207 | 1,308,199 |
| Fund balances, ending | \$ 222,914 | 108,207 | 1,312,106 |



| Assessment District 04-01 | 2007 TAB A | Total |
|------------------------------|---------------|-------------|
| - | - | 14,742 |
| - | - | 12,749 |
| - | - | 5,250 |
| - | 248,505 | 1,558,002 |
| - | - | 27,200 |
| - | 248,505 | 1,617,943 |
| - | 627,067 | 5,126,756 |
| - | - | 688,668 |
| 10,775 | 15,175 | 1,241,975 |
| 10,775 | 642,242 | 7,057,399 |
| (10,775) | (393,737) | (5,439,456) |
| - | - | 5,734,846 |
| - | - | (3,731,517) |
| - | - | 2,003,329 |
| (10,775) | (393,737) | (3,436,127) |
| 564,669 | 19,065,574 | 74,993,147 |
| 553,894 | 18,671,837 | 71,557,020 |

Revenues

Intergovernmental
Charges for services
Development fees
Revenues from use of money and property
Miscellaneous

Total revenues

Expenditures

Community development
Public safety
Capital outlay

Total expenditures

Excess (deficiency) of revenues over
(under) expenditures

Other financing sources (uses)

Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

Fund balances, beginning**Fund balances, ending**

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2009

| | Low and Moderate Income Housing | | |
|--|---------------------------------|-------------------|--|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| Revenues | | | |
| Taxes | \$ - | 5,496,466 | 5,496,466 |
| Intergovernmental | 5,709,400 | - | (5,709,400) |
| Revenues from use of money and property | 280,000 | 199,928 | (80,072) |
| Miscellaneous | 185,000 | 52,106 | (132,894) |
| Total revenues | 6,174,400 | 5,748,500 | (425,900) |
| Expenditures | | | |
| Current: | | | |
| Community development | 2,311,544 | 2,257,835 | (53,709) |
| Public works | - | - | - |
| Capital outlay | - | 204,351 | 204,351 |
| Total expenditures | 2,311,544 | 2,462,186 | 150,642 |
| Excess (deficiency) of revenues over (under) expenditures | 3,862,856 | 3,286,314 | (576,542) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | (3,524,003) | (3,528,839) | (4,836) |
| Total other financing sources (uses) | (3,524,003) | (3,528,839) | (4,836) |
| Net change in fund balances | 338,853 | (242,525) | (581,378) |
| Fund balances, beginning | 16,629,745 | 16,629,745 | - |
| Fund balances, ending | \$ 16,968,598 | 16,387,220 | (581,378) |

(continued)



| State Gas Tax | | |
|------------------------------|-------------------|--|
| Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| - | - | - |
| 946,000 | 1,279,248 | 333,248 |
| 44,000 | 31,465 | (12,535) |
| - | - | - |
| 990,000 | 1,310,713 | 320,713 |
| | | |
| - | - | - |
| 993,980 | 975,743 | (18,237) |
| 292,893 | 126,907 | (165,986) |
| 1,286,873 | 1,102,650 | (184,223) |
| | | |
| (296,873) | 208,063 | 504,936 |
| | | |
| 12,440 | 28,925 | 16,485 |
| (190,000) | (190,000) | - |
| (177,560) | (161,075) | 16,485 |
| (474,433) | 46,988 | 521,421 |
| 1,174,449 | 1,174,449 | - |
| 700,016 | 1,221,437 | 521,421 |

Revenues

Taxes
Intergovernmental
Revenues from use of money and property
Miscellaneous

Total revenues

Expenditures

Current:
Community development
Public works
Capital outlay

Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

Fund balances, beginning**Fund balances, ending**

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

| | Air Quality Improvement | | |
|--|------------------------------|-------------------|--|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| Revenues | | | |
| Intergovernmental | \$ 290,500 | 180,477 | (110,023) |
| Revenues from use of money and property | 14,000 | 10,745 | (3,255) |
| Miscellaneous | - | - | - |
| Total revenues | 304,500 | 191,222 | (113,278) |
| Expenditures | | | |
| Current: | | | |
| Community development | - | 59,402 | 59,402 |
| Public safety | - | - | - |
| Capital outlay | 472,500 | - | (472,500) |
| Total expenditures | 472,500 | 59,402 | (413,098) |
| Excess (deficiency) of revenues over (under) expenditures | (168,000) | 131,820 | 299,820 |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (168,000) | 131,820 | 299,820 |
| Fund balances, beginning | 348,040 | 348,040 | - |
| Fund balances, ending | \$ 180,040 | 479,860 | 299,820 |

(continued)



Police Donations

| Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
|------------------------------|-------------------|--|
| - | - | - |
| 20,000 | 19,680 | (320) |
| 140,000 | 174,694 | 34,694 |
| 160,000 | 194,374 | 34,374 |
| - | - | - |
| 94,750 | 239,841 | 145,091 |
| - | - | - |
| 94,750 | 239,841 | 145,091 |
| 65,250 | (45,467) | (110,717) |
| - | 5,100 | 5,100 |
| (19,295) | (101,003) | (81,708) |
| (19,295) | (95,903) | (76,608) |
| 45,955 | (141,370) | (187,325) |
| 720,401 | 720,401 | - |
| 766,356 | 579,031 | (187,325) |

Revenues

Intergovernmental
Revenues from use of money and property
Miscellaneous
Total revenues

Expenditures

Current:
Community development
Public safety
Capital outlay
Total expenditures
Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Total other financing sources (uses)
Net change in fund balances

Fund balances, beginning

Fund balances, ending

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

| | Fire Donations | | |
|--|------------------------------|-------------------|--|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| Revenues | | | |
| Intergovernmental | \$ - | 148,962 | 148,962 |
| Revenues from use of money and property | 25,000 | 19,283 | (5,717) |
| Miscellaneous | 100,855 | 209,790 | 108,935 |
| Total revenues | 125,855 | 378,035 | 252,180 |
| Expenditures | | | |
| Current: | | | |
| Community development | - | - | - |
| Public safety | 72,365 | 127,173 | 54,808 |
| Public works | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | 72,365 | 127,173 | 54,808 |
| Excess (deficiency) of revenues over (under) expenditures | 53,490 | 250,862 | 197,372 |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | (176,889) | (176,889) |
| Total other financing sources (uses) | - | (176,889) | (176,889) |
| Net change in fund balances | 53,490 | 73,973 | 20,483 |
| Fund balances, beginning | 579,394 | 579,394 | - |
| Fund balances, ending | \$ 632,884 | 653,367 | 20,483 |

(continued)



| Measure A | | |
|------------------------------|-------------------|--|
| Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| 1,500,000 | 1,093,249 | (406,751) |
| 90,000 | 17,907 | (72,093) |
| - | - | - |
| 1,590,000 | 1,111,156 | (478,844) |
| 154,565 | 242,352 | 87,787 |
| - | - | - |
| 1,044,218 | 1,040,219 | (3,999) |
| 3,359,968 | 898,621 | (2,461,347) |
| 4,558,751 | 2,181,192 | (2,377,559) |
| (2,968,751) | (1,070,036) | 1,898,715 |
| 12,440 | 28,925 | 16,485 |
| (108,960) | (87,460) | 21,500 |
| (96,520) | (58,535) | 37,985 |
| (3,065,271) | (1,128,571) | 1,936,700 |
| 1,657,867 | 1,657,867 | - |
| (1,407,404) | 529,296 | 1,936,700 |

Revenues

Intergovernmental
Revenues from use of money and property
Miscellaneous
Total revenues

Expenditures

Current:
Community development
Public safety
Public works
Capital outlay
Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Total other financing sources (uses)
Net change in fund balances

Fund balances, beginning

Fund balances, ending

City of Cathedral City
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
Year ended June 30, 2009 (continued)

| | Solid Waste | | |
|--|------------------------------|-------------------|--|
| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Over (Under) |
| Revenues | | | |
| Intergovernmental | \$ 13,000 | 13,672 | 672 |
| Charges for services | 400,000 | 425,418 | 25,418 |
| Revenues from use of money and property | - | 2,615 | 2,615 |
| Total revenues | 413,000 | 441,705 | 28,705 |
| Expenditures | | | |
| Current: | | | |
| Community development | 612,500 | 428,738 | (183,762) |
| Capital outlay | 50,000 | - | (50,000) |
| Total expenditures | 662,500 | 428,738 | (233,762) |
| Excess (deficiency) of revenues over (under) expenditures | (249,500) | 12,967 | 262,467 |
| Other financing sources (uses) | | | |
| Transfers out | (163,047) | (167,431) | (4,384) |
| Total other financing sources (uses) | (163,047) | (167,431) | (4,384) |
| Net change in fund balances | (412,547) | (154,464) | 258,083 |
| Fund balances (deficits), beginning | (591,525) | (591,525) | - |
| Fund balances (deficits), ending | <u>\$ (1,004,072)</u> | <u>(745,989)</u> | <u>258,083</u> |



Combining and Individual Fund Statements and Schedules - Internal Service Funds



This page intentionally left blank.



INTERNAL SERVICE FUNDS – Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

Equipment Replacement – Accounts for costs of maintaining and providing for replacement of the City's vehicles and equipment. Financing is provided by operating transfers from other funds and/or usage charges to various funds and departments of the City.

Insurance – Accounts for costs related to the City's various insurance coverages. Insurance costs, liability claims and other administrative costs are reported in this fund. Financing is provided by operating transfers from other funds and/or usage charges to various funds and departments of the City.

City of Cathedral City
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

| | Equipment Replacement | Insurance | Total |
|---|--------------------------|------------------|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 866,732 | 7,525,609 | 8,392,341 |
| Interest receivable | 4,515 | 36,079 | 40,594 |
| Accounts receivable | - | 30 | 30 |
| Due from other funds | 109,195 | - | 109,195 |
| Deposits with PERMA | - | 1,232,483 | 1,232,483 |
| Inventories | 23,930 | - | 23,930 |
| Total current assets | 1,004,372 | 8,794,201 | 9,798,573 |
| Capital assets: | | | |
| Vehicles | 8,708,572 | - | 8,708,572 |
| Accumulated depreciation | (4,302,989) | - | (4,302,989) |
| Total capital assets (net of accumulated depreciation) | 4,405,583 | - | 4,405,583 |
| Total assets | <u>\$ 5,409,955</u> | <u>8,794,201</u> | <u>14,204,156</u> |
| Liabilities and Net Assets | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 7,158 | 67,292 | 74,450 |
| Claims payable | - | 500,000 | 500,000 |
| Insurance payable | - | 250,000 | 250,000 |
| Unearned revenue | - | 167 | 167 |
| Total current liabilities | 7,158 | 817,459 | 824,617 |
| Noncurrent liabilities: | | | |
| Claims payable | - | 1,762,286 | 1,762,286 |
| Total noncurrent liabilities | - | 1,762,286 | 1,762,286 |
| Total liabilities | 7,158 | 2,579,745 | 2,586,903 |
| Net assets: | | | |
| Invested in capital assets | 4,405,583 | - | 4,405,583 |
| Unrestricted | 997,214 | 6,214,456 | 7,211,670 |
| Total net assets | 5,402,797 | 6,214,456 | 11,617,253 |
| Total liabilities and net assets | <u>\$ 5,409,955</u> | <u>8,794,201</u> | <u>14,204,156</u> |

City of Cathedral City
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year ended June 30, 2009

| | Equipment Replacement | Insurance | Total |
|--------------------------------|--------------------------|-----------|------------|
| Operating revenues | | | |
| Charges for services | \$ 576,616 | 6,032,338 | 6,608,954 |
| Total operating revenues | 576,616 | 6,032,338 | 6,608,954 |
| Operating expenses | | | |
| Insurance claims and expenses | - | 6,528,231 | 6,528,231 |
| Minor equipment | 31,174 | - | 31,174 |
| Depreciation | 800,456 | - | 800,456 |
| Other expenses | - | 7,622 | 7,622 |
| Total expenses | 831,630 | 6,535,853 | 7,367,483 |
| Operating loss | (255,014) | (503,515) | (758,529) |
| Nonoperating revenues | | | |
| Interest and investment income | 27,430 | 230,972 | 258,402 |
| Insurance recovery | - | 683,337 | 683,337 |
| Loss on sale of capital assets | (20,407) | - | (20,407) |
| Total nonoperating revenues | 7,023 | 914,309 | 921,332 |
| Income (loss) before transfers | (247,991) | 410,794 | 162,803 |
| Transfers | | | |
| Transfers in | 355,227 | - | 355,227 |
| Total transfers | 355,227 | - | 355,227 |
| Change in net assets | 107,236 | 410,794 | 518,030 |
| Net assets, beginning | 5,295,561 | 5,803,662 | 11,099,223 |
| Net assets, ending | \$ 5,402,797 | 6,214,456 | 11,617,253 |

City of Cathedral City
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2009

| | Equipment Replacement | Insurance | Total |
|---|--------------------------|-------------|-------------|
| Cash flows from operating activities | | | |
| Receipts from customers and user departments | \$ 927,226 | 5,981,549 | 6,908,775 |
| Payments to suppliers for goods and services | (376,536) | (6,252,551) | (6,629,087) |
| Other receipts | 335,584 | 121,850 | 457,434 |
| Net cash provided by (used in) operating activities | 886,274 | (149,152) | 737,122 |
| Cash flows from noncapital financing activities | | | |
| Transfers from other funds | 355,227 | - | 355,227 |
| Net cash provided by noncapital financing activities | 355,227 | - | 355,227 |
| Cash flows from capital and related financing activities | | | |
| Purchase of capital assets | (1,351,939) | - | (1,351,939) |
| Insurance recovery proceeds | | 683,337 | 683,337 |
| Proceeds from sale of capital assets | 2,629 | - | 2,629 |
| Net cash provided by (used in) capital and related financing activities | (1,349,310) | 683,337 | (665,973) |
| Cash flows from investing activities | | | |
| Interest received on investments | 30,598 | 249,766 | 280,364 |
| Net cash provided by investing activities | 30,598 | 249,766 | 280,364 |
| Net increase (decrease) in cash and cash equivalents | (77,211) | 783,951 | 706,740 |
| Cash and cash equivalents at beginning of year | 943,943 | 6,741,658 | 7,685,601 |
| Cash and cash equivalents at end of year | \$ 866,732 | 7,525,609 | 8,392,341 |
| Reconciliation of operating loss to net cash provided by (used in) operating activities | | | |
| Operating loss | \$ (255,014) | (503,515) | (758,529) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | |
| Depreciation | 800,456 | - | 800,456 |
| (Increase) decrease in accounts receivable | - | 9,034 | 9,034 |
| (increase) decrease in due from other funds | (109,195) | - | (109,195) |
| (Increase) decrease in prepaid assets | 444,780 | 690,242 | 1,135,022 |
| (Increase) decrease in deposits | - | (1,232,483) | (1,232,483) |
| (Increase) decrease in inventories | 2,635 | - | 2,635 |
| Increase (decrease) in claims payable | - | 1,035,557 | 1,035,557 |
| Increase (decrease) in accounts payable | 2,612 | (148,154) | (145,542) |
| Increase (decrease) in deferred revenue | - | 167 | 167 |
| Total adjustments | 1,141,288 | 354,363 | 1,495,651 |
| Net cash provided by (used in) operating activities | \$ 886,274 | (149,152) | 737,122 |
| Noncash investing, capital, and financing activities | | | |
| Capital asset trade-ins | \$ 75,000 | - | 75,000 |

Piazza Trilussa Ristorante (Town Center)



Combining and Individual Fund Statements and Schedules - Agency Funds



This page intentionally left blank.



AGENCY FUNDS – Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

Assessment District 85-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 86-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 86-5 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 87-2 – Accounts for the remaining monies on hand to be used for the benefit of homeowners in Assessment District 87-2.

Assessment District 88-2 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 88-3 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (1996).

Assessment District 96-1 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Refunding Bonds (2004).

Assessment District 2001-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds.

Rio Vista CFD – Accounts for the receipt of special assessments and principal and interest payments on the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD 2000-1).

Assessment District 03-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (35th Avenue).

Assessment District 04-01 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).

Assessment District 04-02 – Accounts for the receipt of special assessments and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).

City of Cathedral City
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

| | Assessment District 85-1 | Assessment District 86-1 | Assessment District 86-5 | Assessment District 87-2 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | | |
| Cash and investments | \$ 455,047 | 678,103 | 660,407 | 13,487 |
| Interest receivable | 2,380 | 3,707 | 3,716 | 77 |
| Special assessments receivable | 48,053 | 26,118 | 26,074 | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | - | - | - | - |
| Total assets | <u>\$ 505,480</u> | <u>707,928</u> | <u>690,197</u> | <u>13,564</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | - | - | - |
| Due to bondholders | 505,480 | 707,928 | 690,197 | 13,564 |
| Total liabilities | <u>\$ 505,480</u> | <u>707,928</u> | <u>690,197</u> | <u>13,564</u> |

| | Rio Vista CFD | Assessment District 03-01 | Assessment District 04-01 | Assessment District 04-02 |
|--|---------------------|------------------------------|------------------------------|------------------------------|
| Assets | | | | |
| Cash and investments | \$ 98,056 | 411,239 | 395,680 | 3,028,968 |
| Interest receivable | 511 | 5,062 | 4,947 | 25,812 |
| Special assessments receivable | 79,715 | 5,834,105 | 5,422,873 | 30,739,344 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 3,039,791 | 443,341 | 418,454 | 2,193,989 |
| Total assets | <u>\$ 3,218,073</u> | <u>6,693,747</u> | <u>6,241,954</u> | <u>35,988,113</u> |
| Liabilities | | | | |
| Accounts payable | \$ 5,085 | 2,000 | - | - |
| Due to bondholders | 3,212,988 | 6,691,747 | 6,241,954 | 35,988,113 |
| Total liabilities | <u>\$ 3,218,073</u> | <u>6,693,747</u> | <u>6,241,954</u> | <u>35,988,113</u> |



| Assessment District 88-2 | Assessment District 88-3 | Assessment District 96-1 | Assessment District 2001-01 |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| 504,475 | 1,632,982 | 548,745 | 225,016 |
| 2,632 | 8,507 | 2,859 | 1,814 |
| 214,371 | 1,573,384 | 4,072,003 | 2,584,901 |
| - | - | 715,495 | 252,783 |
| <u>721,478</u> | <u>3,214,873</u> | <u>5,339,102</u> | <u>3,064,514</u> |
| - | - | - | - |
| <u>721,478</u> | <u>3,214,873</u> | <u>5,339,102</u> | <u>3,064,514</u> |
| <u>721,478</u> | <u>3,214,873</u> | <u>5,339,102</u> | <u>3,064,514</u> |

Assets

Cash and investments
Interest receivable
Special assessments receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Liabilities

Accounts payable
Due to bondholders
Total liabilities

| |
|-------------------|
| <u>Total</u> |
| 8,652,205 |
| 62,024 |
| 50,620,941 |
| <u>7,063,853</u> |
| <u>66,399,023</u> |
| 7,085 |
| <u>66,391,938</u> |
| <u>66,399,023</u> |

Assets

Cash and investments
Interest receivable
Special assessments receivable
Restricted assets:
Cash and investments with fiscal agent
Total assets

Liabilities

Accounts payable
Due to bondholders
Total liabilities

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2009

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------------|------------------|-------------------|
| <u>Assessment District 85-1</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 770,187 | 469,031 | 784,171 | 455,047 |
| Interest receivable | 6,284 | 2,380 | 6,284 | 2,380 |
| Special assessments receivable | 54,796 | 19,028 | 25,771 | 48,053 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 24 | 388,125 | 388,149 | - |
| Total assets | <u>\$ 831,291</u> | <u>878,564</u> | <u>1,204,375</u> | <u>505,480</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | 4,725 | 4,725 | - |
| Due to bondholders | 831,291 | 464,645 | 790,456 | 505,480 |
| Total liabilities | <u>\$ 831,291</u> | <u>469,370</u> | <u>795,181</u> | <u>505,480</u> |
| <u>Assessment District 86-1</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 1,257,326 | 842,935 | 1,422,158 | 678,103 |
| Interest receivable | 13,278 | 3,707 | 13,278 | 3,707 |
| Special assessments receivable | 47,763 | 19,916 | 41,561 | 26,118 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | - | 703,800 | 703,800 | - |
| Total assets | <u>\$ 1,318,367</u> | <u>1,570,358</u> | <u>2,180,797</u> | <u>707,928</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | 9,655 | 9,655 | - |
| Due to bondholders | 1,318,367 | 824,997 | 1,435,436 | 707,928 |
| Total liabilities | <u>\$ 1,318,367</u> | <u>834,652</u> | <u>1,445,091</u> | <u>707,928</u> |
| <u>Assessment District 86-5</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 629,390 | 591,768 | 560,751 | 660,407 |
| Interest receivable | 5,920 | 3,716 | 5,920 | 3,716 |
| Special assessments receivable | 23,518 | 22,168 | 19,612 | 26,074 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | - | 273,959 | 273,959 | - |
| Total assets | <u>\$ 658,828</u> | <u>891,611</u> | <u>860,242</u> | <u>690,197</u> |
| Liabilities | | | | |
| Accounts payable | \$ 2,586 | 17,601 | 20,187 | - |
| Due to bondholders | 656,242 | 598,276 | 564,321 | 690,197 |
| Total liabilities | <u>\$ 658,828</u> | <u>615,877</u> | <u>584,508</u> | <u>690,197</u> |

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2009 (continued)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------------|------------------|-------------------|
| <u>Assessment District 87-2</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 13,010 | 533 | 56 | 13,487 |
| Interest receivable | 127 | 77 | 127 | 77 |
| Total assets | <u>\$ 13,137</u> | <u>610</u> | <u>183</u> | <u>13,564</u> |
| Liabilities | | | | |
| Due to bondholders | <u>\$ 13,137</u> | <u>609</u> | <u>182</u> | <u>13,564</u> |
| Total liabilities | <u>\$ 13,137</u> | <u>609</u> | <u>182</u> | <u>13,564</u> |
| <u>Assessment District 88-2</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 475,195 | 419,429 | 390,149 | 504,475 |
| Interest receivable | 4,403 | 2,632 | 4,403 | 2,632 |
| Special assessments receivable | 219,411 | 10,949 | 15,989 | 214,371 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | - | 191,421 | 191,421 | - |
| Total assets | <u>\$ 699,009</u> | <u>624,431</u> | <u>601,962</u> | <u>721,478</u> |
| Liabilities | | | | |
| Accounts payable | \$ 2,072 | 20,431 | 22,503 | - |
| Due to bondholders | <u>696,937</u> | <u>417,246</u> | <u>392,705</u> | <u>721,478</u> |
| Total liabilities | <u>\$ 699,009</u> | <u>437,677</u> | <u>415,208</u> | <u>721,478</u> |
| <u>Assessment District 88-3</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 1,521,030 | 1,789,029 | 1,677,077 | 1,632,982 |
| Interest receivable | 12,738 | 8,507 | 12,738 | 8,507 |
| Special assessments receivable | 1,569,461 | 59,188 | 55,265 | 1,573,384 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | - | 819,374 | 819,374 | - |
| Total assets | <u>\$ 3,103,229</u> | <u>2,676,098</u> | <u>2,564,454</u> | <u>3,214,873</u> |
| Liabilities | | | | |
| Accounts payable | \$ 10,466 | 177,593 | 188,059 | - |
| Due to bondholders | <u>3,092,763</u> | <u>1,802,814</u> | <u>1,680,704</u> | <u>3,214,873</u> |
| Total liabilities | <u>\$ 3,103,229</u> | <u>1,980,407</u> | <u>1,868,763</u> | <u>3,214,873</u> |

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2009 (continued)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|------------------|------------------|-------------------|
| <u>Assessment District 96-1</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 476,648 | 753,718 | 681,621 | 548,745 |
| Interest receivable | 3,880 | 2,859 | 3,880 | 2,859 |
| Special assessments receivable | 4,071,261 | 28,333 | 27,591 | 4,072,003 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 706,257 | 507,975 | 498,737 | 715,495 |
| Total assets | <u>\$ 5,258,046</u> | <u>1,292,885</u> | <u>1,211,829</u> | <u>5,339,102</u> |
| Liabilities | | | | |
| Accounts payable | \$ 5,579 | 129,191 | 134,770 | - |
| Due to bondholders | 5,252,467 | 926,262 | 839,627 | 5,339,102 |
| Total liabilities | <u>\$ 5,258,046</u> | <u>1,055,453</u> | <u>974,397</u> | <u>5,339,102</u> |
| <u>Assessment District 2001-01</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 186,234 | 422,599 | 383,817 | 225,016 |
| Interest receivable | 3,535 | 1,814 | 3,535 | 1,814 |
| Special assessments receivable | 2,585,939 | 24,900 | 25,938 | 2,584,901 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 255,326 | 244,360 | 246,903 | 252,783 |
| Total assets | <u>\$ 3,031,034</u> | <u>693,673</u> | <u>660,193</u> | <u>3,064,514</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,416 | 376,463 | 377,879 | - |
| Due to bondholders | 3,029,618 | 425,150 | 390,254 | 3,064,514 |
| Total liabilities | <u>\$ 3,031,034</u> | <u>801,613</u> | <u>768,133</u> | <u>3,064,514</u> |
| <u>Rio Vista CFD</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 49,445 | 1,231,713 | 1,183,102 | 98,056 |
| Interest receivable | 402 | 511 | 402 | 511 |
| Special assessments receivable | 223,566 | 79,715 | 223,566 | 79,715 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 2,723,562 | 1,186,795 | 870,566 | 3,039,791 |
| Total assets | <u>\$ 2,996,975</u> | <u>2,498,734</u> | <u>2,277,636</u> | <u>3,218,073</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,098 | 1,182,027 | 1,178,040 | 5,085 |
| Due to bondholders | 2,995,877 | 1,156,195 | 939,084 | 3,212,988 |
| Total liabilities | <u>\$ 2,996,975</u> | <u>2,338,222</u> | <u>2,117,124</u> | <u>3,218,073</u> |

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2009 (continued)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|------------------|------------------|-------------------|
| <u>Assessment District 03-01</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 468,001 | 493,642 | 550,404 | 411,239 |
| Interest receivable | 8,371 | 5,062 | 8,371 | 5,062 |
| Special assessments receivable | 5,841,284 | 32,608 | 39,787 | 5,834,105 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 452,384 | 534,414 | 543,457 | 443,341 |
| Total assets | <u>\$ 6,770,040</u> | <u>1,065,726</u> | <u>1,142,019</u> | <u>6,693,747</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,647 | 541,160 | 540,807 | 2,000 |
| Due to bondholders | 6,768,393 | 494,013 | 570,659 | 6,691,747 |
| Total liabilities | <u>\$ 6,770,040</u> | <u>1,035,173</u> | <u>1,111,466</u> | <u>6,693,747</u> |
| <u>Assessment District 04-01</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 330,943 | 506,127 | 441,390 | 395,680 |
| Interest receivable | 8,333 | 4,947 | 8,333 | 4,947 |
| Special assessments receivable | 5,417,988 | 37,729 | 32,844 | 5,422,873 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 420,687 | 413,071 | 415,304 | 418,454 |
| Total assets | <u>\$ 6,177,951</u> | <u>961,874</u> | <u>897,871</u> | <u>6,241,954</u> |
| Liabilities | | | | |
| Accounts payable | \$ 3,401 | 425,520 | 428,921 | - |
| Due to bondholders | 6,174,550 | 518,508 | 451,104 | 6,241,954 |
| Total liabilities | <u>\$ 6,177,951</u> | <u>944,028</u> | <u>880,025</u> | <u>6,241,954</u> |
| <u>Assessment District 04-02</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 2,904,522 | 2,950,831 | 2,826,385 | 3,028,968 |
| Interest receivable | 40,037 | 25,812 | 40,037 | 25,812 |
| Special assessments receivable | 30,712,548 | 113,725 | 86,929 | 30,739,344 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 2,243,844 | 2,819,078 | 2,868,933 | 2,193,989 |
| Total assets | <u>\$ 35,900,951</u> | <u>5,909,446</u> | <u>5,822,284</u> | <u>35,988,113</u> |
| Liabilities | | | | |
| Accounts payable | \$ 5,278 | 2,778,097 | 2,783,375 | - |
| Due to bondholders | 35,895,673 | 3,067,875 | 2,975,435 | 35,988,113 |
| Total liabilities | <u>\$ 35,900,951</u> | <u>5,845,972</u> | <u>5,758,810</u> | <u>35,988,113</u> |

(continued)

City of Cathedral City
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2009 (continued)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-------------------|-------------------|-------------------|
| <u>Totals</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 9,081,931 | 10,471,355 | 10,901,081 | 8,652,205 |
| Interest receivable | 107,308 | 62,024 | 107,308 | 62,024 |
| Special assessments receivable | 50,767,535 | 448,259 | 594,853 | 50,620,941 |
| Restricted assets: | | | | |
| Cash and investments with fiscal agent | 6,802,084 | 8,082,372 | 7,820,603 | 7,063,853 |
| Total assets | <u>\$ 66,758,858</u> | <u>19,064,010</u> | <u>19,423,845</u> | <u>66,399,023</u> |
| Liabilities | | | | |
| Accounts payable | \$ 33,543 | 5,662,463 | 5,688,921 | 7,085 |
| Due to bondholders | 66,725,315 | 10,696,590 | 11,029,967 | 66,391,938 |
| Total liabilities | <u>\$ 66,758,858</u> | <u>16,359,053</u> | <u>16,718,888</u> | <u>66,399,023</u> |

Pickford Theatre (Town Center)



Statistical Section



This page intentionally left blank.



The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the reader a better understanding of the City's economic condition.

Contents

Page

Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

| | |
|--|-----|
| • Net Assets by Component | 188 |
| • Changes in Net Assets | 190 |
| • Fund Balances of Governmental Funds | 194 |
| • Changes in Fund Balances of Governmental Funds | 196 |
| • Governmental Activities Tax Revenues by Source | 198 |

Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

| | |
|---|-----|
| • Assessed Value and Actual Value of Taxable Property | 199 |
| • Property Tax Rates – Direct and Overlapping Governments | 200 |
| • Principal Property Taxpayers | 202 |
| • Property Tax Levies and Collections | 203 |
| • Taxable Transactions by Category | 204 |
| • Top 25 Sales Tax Producers | 206 |

Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

| | |
|---|-----|
| • Ratios of Outstanding Debt by Type | 207 |
| • Ratios of General Bonded Debt Outstanding | 208 |
| • Direct and Overlapping Governmental Activities Debt | 209 |
| • Legal Debt Margin Information | 210 |
| • Pledged-Revenue Coverage | 211 |

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

| | |
|---|-----|
| • Demographic and Economic Statistics | 212 |
| • Principal Employers – Current Year and Nine Years Ago | 213 |

(continued)

Contents, (continued)

Page

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

| | |
|--|-----|
| • Full-time Equivalent City Government Employees by Function | 214 |
| • Operating Indicators by Function | 216 |
| • Capital Asset Statistics by Function | 218 |
| • City of Cathedral City Map | 220 |

This page intentionally left blank.



City of Cathedral City
Net Assets by Component
Last Seven Fiscal Years (Dollars in thousands)
 (Accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------|---------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Governmental activities: | | | | | |
| Invested in capital assets, net of related debt | \$ 36,888 | 107,520 | 112,911 | 122,219 | 129,980 |
| Restricted | 7,219 | 91,617 | 98,648 | 125,460 | 165,751 |
| Unrestricted | (3,510) | (110,017) | (109,324) | (102,049) | (127,461) |
| Total governmental activities net assets | <u>\$ 40,597</u> | <u>89,120</u> | <u>102,235</u> | <u>145,630</u> | <u>168,270</u> |
| Business-type activities: | | | | | |
| Invested in capital assets, net of related debt | \$ - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Unrestricted | - | - | - | - | - |
| Total business-type activities net assets | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Primary government: | | | | | |
| Invested in capital assets, net of related debt | \$ 36,888 | 107,520 | 112,911 | 122,219 | 129,980 |
| Restricted | 7,219 | 91,617 | 98,648 | 125,460 | 165,751 |
| Unrestricted | (3,510) | (110,017) | (109,324) | (102,049) | (127,461) |
| Total primary government net assets | <u>\$ 40,597</u> | <u>89,120</u> | <u>102,235</u> | <u>145,630</u> | <u>168,270</u> |

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been restated to eliminate all net assets related to assessment district debt service funds.

Note 3: The increase in total net assets of \$48,523 from 2003 to 2004 consists of the following: (1) prior period adjustments - \$43,177; and (2) current year increase in net assets - \$5,346.

Note 4: The increase in total net assets of \$13,115 from 2004 to 2005 consists of the following: (1) prior period adjustment - \$10,160; and (2) current year increase in net assets - \$2,955.

Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

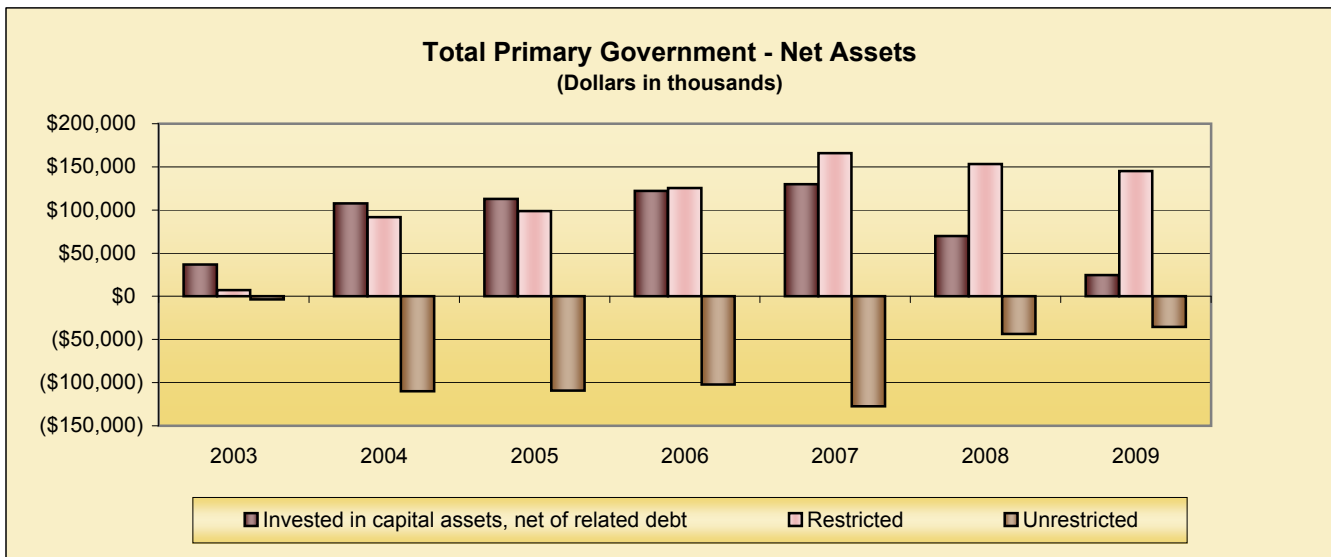
Source: City of Cathedral City, Government-Wide Financial Statements

| Fiscal Year | | | | |
|----------------|----------------|----------|----------|----------|
| 2008 | 2009 | 2010 | 2011 | 2012 |
| 69,918 | 24,533 | | | |
| 153,335 | 145,031 | | | |
| (43,693) | (35,435) | | | |
| <u>179,560</u> | <u>134,129</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 40 | 21 | | | |
| - | - | | | |
| <u>18</u> | <u>16</u> | | | |
| <u>58</u> | <u>37</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 69,958 | 24,554 | | | |
| 153,335 | 145,031 | | | |
| (43,675) | (35,419) | | | |
| <u>179,618</u> | <u>134,166</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Governmental activities:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total governmental activities net assets

Business-type activities:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total business-type activities net assets

Primary government:
Invested in capital assets, net of related debt
Restricted
Unrestricted
Total primary government net assets



City of Cathedral City
Changes in Net Assets
Last Seven Fiscal Years (Dollars in thousands)
(Accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-------------|----------|----------|----------|----------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 20,302 | 21,164 | 31,122 | 18,833 | 17,617 |
| Community development | - | 801 | 7,130 | 9,108 | 9,413 |
| Culture and recreation | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - |
| Public safety | 12,762 | 12,845 | 15,433 | 17,006 | 19,703 |
| Public works | 2,533 | 2,172 | 2,879 | 5,351 | 4,960 |
| Interest on long-term debt | 6,877 | 6,175 | 6,156 | 5,113 | 8,070 |
| Total governmental activities expenses | 42,474 | 43,157 | 62,720 | 55,411 | 59,763 |
| Business-type activities: | | | | | |
| Education | - | - | - | - | - |
| Total business-type activities expenses | - | - | - | - | - |
| Total primary government expenses | \$ 42,474 | 43,157 | 62,720 | 55,411 | 59,763 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 3,522 | 2,658 | 2,665 | 3,246 | 7,719 |
| Community development | - | 95 | 74 | 44 | 441 |
| Parks and recreation | 101 | - | - | - | - |
| Public safety | 1,573 | 1,637 | 1,934 | 1,988 | 1,957 |
| Public works | - | 255 | 606 | 606 | 600 |
| Operating grants and contributions | 3,891 | 3,989 | 4,798 | 6,955 | 4,091 |
| Capital grants and contributions | 253 | 755 | 354 | - | 10,237 |
| Total governmental activities program revenues | 9,340 | 9,389 | 10,431 | 12,839 | 25,045 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Education | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | - |
| Total business-type activities program revenues | - | - | - | - | - |
| Total primary government program revenues | \$ 9,340 | 9,389 | 10,431 | 12,839 | 25,045 |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (33,134) | (33,768) | (52,289) | (42,572) | (34,718) |
| Business-type activities | - | - | - | - | - |
| Total primary government net expense | \$ (33,134) | (33,768) | (52,289) | (42,572) | (34,718) |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 20,855 | 20,087 | 19,908 | 24,280 | 28,145 |
| Sales taxes (Note 3) | 8,652 | 9,331 | 10,165 | 10,177 | 10,008 |
| Motor vehicle in lieu taxes (Note 4) | 2,595 | 2,160 | 2,902 | 4,434 | - |
| Transient occupancy taxes | 1,774 | 1,681 | 1,703 | 1,851 | - |
| Utility users taxes | - | - | - | - | - |
| Other taxes | - | - | - | - | 6,240 |
| Franchise fees | 1,333 | 2,012 | 4,146 | 4,383 | 2,031 |
| Interest and investment earnings | 1,916 | 1,387 | 2,613 | 3,846 | 6,803 |
| Capital contributions | - | - | - | 33,244 | - |
| Transfers | - | 2,241 | 12,014 | - | - |
| Insurance proceeds | - | - | - | - | - |
| Miscellaneous | 278 | 215 | 1,793 | 3,752 | 4,131 |
| Extraordinary item | - | - | - | - | - |
| Total governmental activities | 37,403 | 39,114 | 55,244 | 85,967 | 57,358 |
| Business-type activities: | | | | | |
| Miscellaneous | - | - | - | - | - |
| Total business-type activities | - | - | - | - | - |
| Total primary government | \$ 37,403 | 39,114 | 55,244 | 85,967 | 57,358 |

(continued)

| Fiscal Year | | | | |
|-------------|----------|------|------|------|
| 2008 | 2009 | 2010 | 2011 | 2012 |
| 7,040 | 10,030 | | | |
| 14,855 | 25,819 | | | |
| 362 | 58 | | | |
| - | - | | | |
| 21,556 | 25,160 | | | |
| 4,874 | 6,608 | | | |
| 13,856 | 12,190 | | | |
| 62,543 | 79,865 | - | - | - |
| 1,078 | 1,208 | | | |
| 1,078 | 1,208 | - | - | - |
| 63,621 | 81,073 | - | - | - |
| 2,492 | 3,311 | | | |
| 560 | 752 | | | |
| - | - | | | |
| 2,591 | 2,622 | | | |
| 361 | 310 | | | |
| 3,881 | 3,421 | | | |
| 3,180 | 2,379 | | | |
| 13,065 | 12,795 | - | - | - |
| 743 | 937 | - | - | - |
| 300 | 250 | - | - | - |
| 1,043 | 1,187 | - | - | - |
| 14,108 | 13,982 | - | - | - |
| (49,478) | (67,070) | - | - | - |
| (35) | (21) | - | - | - |
| (49,513) | (67,091) | - | - | - |
| 34,634 | 33,049 | | | |
| 8,345 | 6,165 | | | |
| - | - | | | |
| - | - | | | |
| - | 635 | | | |
| 2,110 | 1,633 | | | |
| 1,975 | 1,995 | | | |
| 9,720 | 4,934 | | | |
| - | - | | | |
| - | - | | | |
| - | 683 | | | |
| 2,067 | 2,255 | | | |
| 264 | - | | | |
| 59,115 | 51,349 | - | - | - |
| 4 | - | - | - | - |
| 4 | - | - | - | - |
| 59,119 | 51,349 | - | - | - |

Expenses

Governmental activities:
 General government
 Community development
 Culture and recreation
 Parks and recreation
 Public safety
 Public works
 Interest on long-term debt

Total governmental activities expenses

Business-type activities:
 Education

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental activities:

Charges for services:
 General government
 Community development
 Parks and recreation
 Public safety
 Public works
 Operating grants and contributions
 Capital grants and contributions

Total governmental activities program revenues

Business-type activities:

Charges for services:
 Education
 Operating grants and contributions

Total business-type activities program revenues

Total primary government program revenues

Net (Expense)/Revenue

Governmental activities
 Business-type activities

Total primary government net expense

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes:
 Property taxes
 Sales taxes (Note 3)
 Motor vehicle in lieu taxes (Note 4)
 Transient occupancy taxes
 Utility users taxes
 Other taxes
 Franchise fees
 Interest and investment earnings
 Capital contributions
 Transfers
 Insurance proceeds
 Miscellaneous
 Extraordinary item

Total governmental activities

Business-type activities:

Miscellaneous
 Total business-type activities

Total primary government

City of Cathedral City
Changes in Net Assets
Last Seven Fiscal Years (Dollars in thousands)
 (Accrual basis of accounting) (continued)

| | Fiscal Year | | | | |
|-----------------------------|-----------------|--------------|--------------|---------------|---------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Change in Net Assets | | | | | |
| Governmental activities | \$ 4,269 | 5,346 | 2,955 | 43,395 | 22,640 |
| Business-type activities | - | - | - | - | - |
| Total primary government | <u>\$ 4,269</u> | <u>5,346</u> | <u>2,955</u> | <u>43,395</u> | <u>22,640</u> |

Notes to Schedule:

Note 1: GASB 34 financial statements were first presented for the fiscal year ended June 30, 2003. Subsequent years will be added to this schedule until a total of ten years is presented.

Note 2: The reporting format was changed beginning with the fiscal year ended June 30, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. Amounts for the fiscal year ended June 30, 2003, have been adjusted to eliminate all net assets related to assessment district debt service funds.

Note 3: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

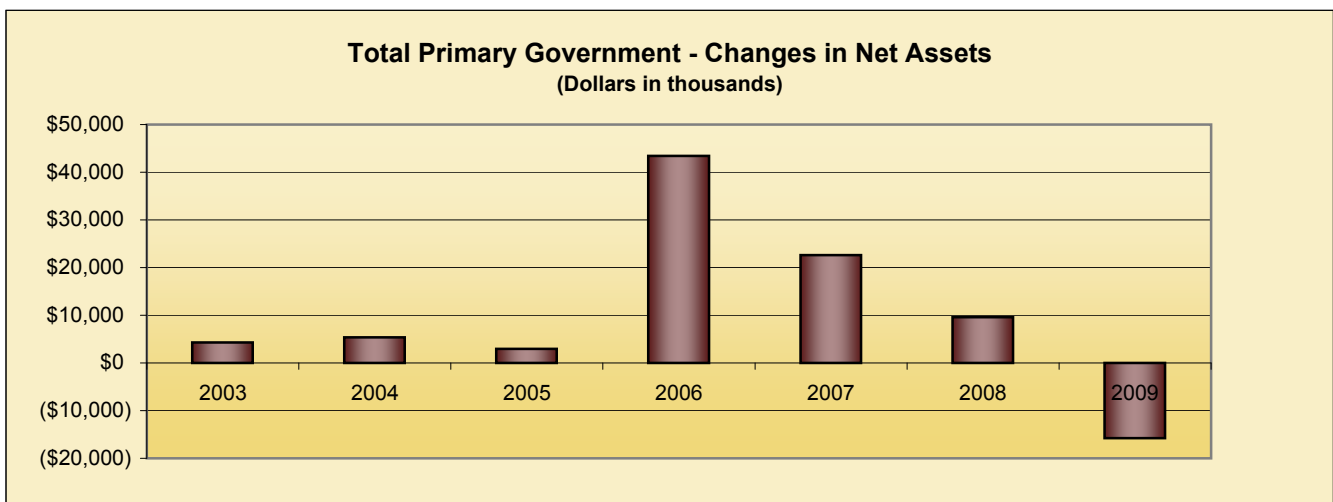
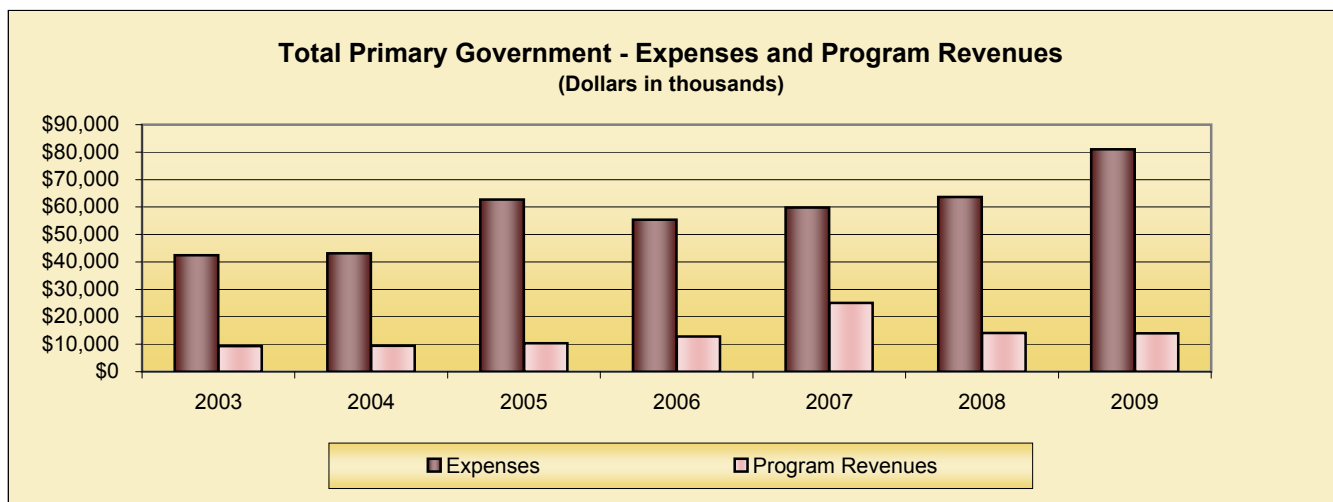
Note 4: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as an intergovernmental revenue.

Note 5: In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. Amounts for the fiscal years ended June 30, 2003 through 2007 have not been restated.

Source: City of Cathedral City, Government-Wide Financial Statements



| Fiscal Year | | | | | |
|-------------|----------|------|------|------|-----------------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | |
| 9,637 | (15,721) | - | - | - | |
| (31) | (21) | - | - | - | |
| 9,606 | (15,742) | - | - | - | |
| | | | | | Change in Net Assets |
| | | | | | Governmental activities |
| | | | | | Business-type activities |
| | | | | | Total primary government |



City of Cathedral City
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Dollars in thousands)
(Modified accrual basis of accounting)

| | Fiscal Year | | | | |
|------------------------------------|------------------|---------------|---------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| General fund: | | | | | |
| Reserved | \$ 3,701 | 3,701 | 3,701 | 3,701 | 3,701 |
| Unreserved | 8,779 | 10,478 | 11,754 | 12,525 | 13,159 |
| Total general fund | <u>\$ 12,480</u> | <u>14,179</u> | <u>15,455</u> | <u>16,226</u> | <u>16,860</u> |
| All other governmental funds: | | | | | |
| Reserved | \$ 21,273 | 22,054 | 24,524 | 35,759 | 38,107 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 9,321 | 11,960 | 10,612 | 12,073 | 11,417 |
| Capital projects funds | 20,444 | 22,173 | 16,906 | 46,344 | 43,984 |
| Debt service funds | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 51,038</u> | <u>56,187</u> | <u>52,042</u> | <u>94,176</u> | <u>93,508</u> |

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 2000 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds.

Note 3: The increase in total fund balances of \$6,848 from 2000 to 2001 consists of the following: (1) elimination of agency fund balance - (\$2,179); (2) prior period adjustment - \$1,260; and (3) current year increase in fund balances - \$7,767.

Note 4: The decrease in total fund balances of \$2,869 from 2001 to 2002 consists of the following: (1) prior period adjustment - (\$949); and (2) current year decrease in net fund balances - \$1,920.

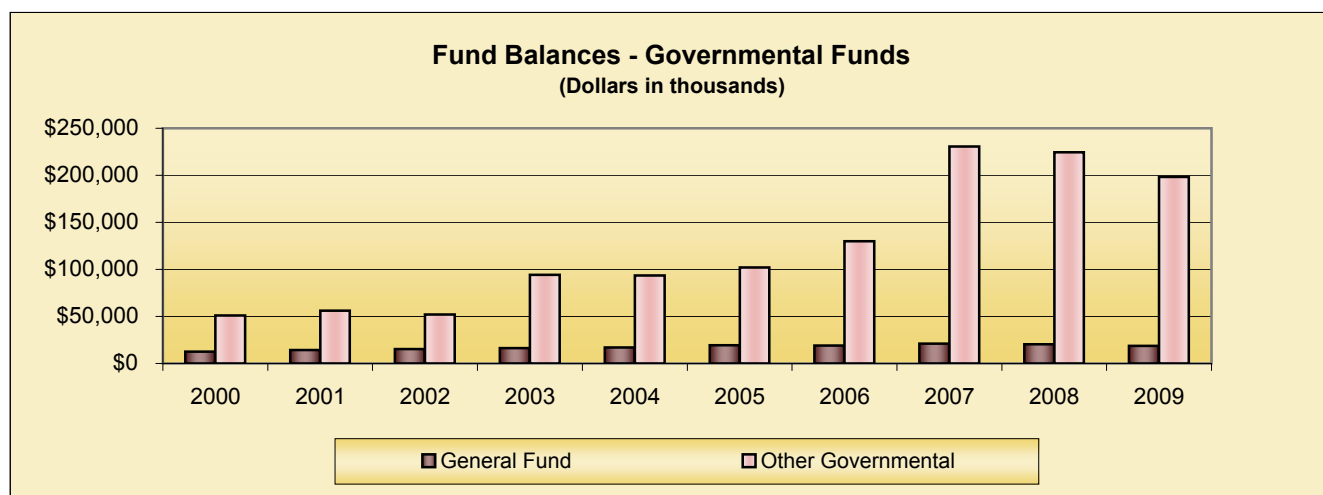
Note 5: The increase in total fund balances of \$42,905 from 2002 to 2003 consists of the following: (1) prior period adjustment - (\$3,744); and (2) current year increase in fund balances - \$46,649.

Note 6: The decrease in total fund balances of \$34 from 2003 to 2004 consists of the following: (1) prior period adjustment - \$61; and (2) current year decrease in fund balances - \$95.

Source: City of Cathedral City, Fund Financial Statements



| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|------------------------------------|
| 2005 | 2006 | 2007 | 2008 | 2009 | |
| 3,701 | 6,836 | 355 | 4,249 | 4,168 | General fund: |
| 15,692 | 12,055 | 20,856 | 15,999 | 14,383 | Reserved |
| 19,393 | 18,891 | 21,211 | 20,248 | 18,551 | Unreserved |
| | | | | | Total general fund |
| 41,284 | 52,607 | 73,666 | 83,077 | 95,782 | All other governmental funds: |
| 11,751 | 12,716 | 13,955 | 15,089 | 5,699 | Reserved |
| 49,167 | 64,282 | 142,992 | 126,372 | 96,817 | Unreserved, reported in: |
| - | 306 | - | - | - | Special revenue funds |
| | | | | | Capital projects funds |
| | | | | | Debt service funds |
| 102,202 | 129,911 | 230,613 | 224,538 | 198,298 | Total all other governmental funds |



City of Cathedral City
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Dollars in thousands)
(Modified accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------|---------------|----------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Revenues | | | | | |
| Taxes | \$ 27,326 | 27,299 | 30,372 | 33,876 | 30,159 |
| Intergovernmental | 3,020 | 5,396 | 2,382 | 3,948 | 3,941 |
| Licenses and permits | 2,011 | 2,150 | 2,147 | 2,676 | 2,564 |
| Fines and forfeitures | 197 | 179 | 197 | 225 | 289 |
| Charges for services | 2,279 | 3,858 | 4,099 | 2,896 | 3,499 |
| Special assessments | - | (1,473) | - | - | - |
| Development fees | - | - | - | - | - |
| Revenues from use of money and property | 2,491 | 3,100 | 2,311 | 1,917 | 1,444 |
| Contributions from property owners | - | 9,254 | - | - | - |
| Gain on sale of land held for resale | - | - | - | - | - |
| Miscellaneous | 865 | 2,239 | 4,077 | 1,206 | 1,083 |
| Total revenues | \$ 38,189 | 52,002 | 45,585 | 46,744 | 42,979 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | \$ 7,300 | 7,866 | 8,402 | 8,896 | 8,339 |
| Community development | - | - | - | - | 801 |
| Culture and recreation | - | - | - | - | - |
| Public safety | 9,112 | 10,952 | 11,277 | 11,813 | 12,845 |
| Public works | 1,037 | 1,184 | 2,433 | 2,304 | 2,047 |
| Capital outlay | 4,752 | 17,370 | 11,152 | 10,238 | 3,682 |
| Payments under pass-through agreements | 5,639 | 6,643 | 7,426 | 9,006 | 3,985 |
| Loss on sale of land held for resale | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | 3,051 | 2,802 | 3,718 | 4,026 | 5,904 |
| Interest | 3,589 | 4,203 | 4,890 | 3,726 | 6,233 |
| Other debt-related costs | 796 | 69 | - | 1,615 | - |
| Total expenditures | \$ 35,276 | 51,089 | 49,298 | 51,624 | 43,836 |
| Excess (deficiency) of revenues over (under) expenditures | 2,913 | 913 | (3,713) | (4,880) | (857) |
| Other financing sources (uses) | | | | | |
| Transfers in | \$ 8,320 | 4,030 | 5,644 | 16,401 | 16,946 |
| Transfers out | (6,491) | (3,172) | (4,812) | (16,286) | (16,175) |
| Proceeds from sale of capital assets | - | - | - | - | (9) |
| Issuance of debt | - | 5,996 | 961 | 51,983 | - |
| Refunding of debt | 16,126 | - | - | 9,407 | - |
| Discount on bonds issued | - | - | - | (569) | - |
| Bond premium | - | - | - | - | - |
| Payments to refunded bond escrow agent | - | - | - | (3,898) | - |
| Payment of bonds refunded | - | - | - | (5,509) | - |
| Loan proceeds | - | - | - | - | - |
| Total other financing sources (uses) | \$ 17,955 | 6,854 | 1,793 | 51,529 | 762 |
| Net change in fund balances | \$ 20,868 | 7,767 | (1,920) | 46,649 | (95) |
| Debt service as a percentage of noncapital expenditures | 42.8% | 40.7% | 42.0% | 44.4% | 40.2% |

Notes to Schedule:

Note 1: Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

Note 2: The reporting format was changed with the fiscal year ended June 20, 2004. Debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any manner. Amounts for fiscal years ended June 30, 1998 through June 30, 2003, have been adjusted to eliminate all assessment district debt service funds activity.

Note 3: Prior to the fiscal year ended June 30, 2006, capital contributions were reported as "transfers in."

| Fiscal Year | | | | |
|-------------|----------|-----------|----------|----------|
| 2005 | 2006 | 2007 | 2008 | 2009 |
| 34,678 | 41,894 | 44,393 | 47,064 | 43,477 |
| 4,200 | 5,845 | 11,818 | 6,883 | 5,979 |
| 2,524 | 2,648 | 1,370 | 957 | 876 |
| 11 | 15 | 409 | 371 | 875 |
| 4,243 | 4,733 | 5,392 | 3,908 | 4,446 |
| - | - | - | 351 | 386 |
| - | - | - | 59 | 1,510 |
| 2,612 | 3,846 | 6,725 | 9,236 | 4,966 |
| - | 33,244 | 2,394 | - | - |
| - | - | 90 | - | - |
| 1,922 | 4,172 | 2,448 | 1,649 | 757 |
| 50,190 | 96,397 | 75,039 | 70,478 | 63,272 |
| 7,836 | 7,517 | 10,976 | 6,672 | 6,697 |
| 7,130 | 3,217 | 4,329 | 16,204 | 16,475 |
| - | - | - | 147 | 217 |
| 15,434 | 17,006 | 19,166 | 21,289 | 22,804 |
| 2,126 | 4,351 | 2,857 | 2,709 | 3,167 |
| 16,142 | 17,573 | 31,343 | 20,109 | 18,252 |
| 6,106 | 5,983 | 4,985 | 5,502 | 6,107 |
| - | - | 86 | 3 | - |
| 4,138 | 17,690 | 4,907 | 5,040 | 6,449 |
| 5,604 | 6,116 | 6,377 | 10,874 | 11,556 |
| 1,090 | 650 | 2,366 | - | 38 |
| 65,606 | 80,103 | 87,392 | 88,549 | 91,762 |
| (15,416) | 16,294 | (12,353) | (18,071) | (28,490) |
| 37,616 | 30,566 | 142,933 | 26,550 | 34,382 |
| (27,420) | (32,825) | (145,683) | (28,389) | (34,737) |
| - | 2 | 2,896 | - | 257 |
| 40,672 | 13,000 | 115,000 | - | - |
| (27,308) | - | - | - | - |
| - | - | - | - | - |
| - | - | 229 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 3,083 | 170 | - | - | - |
| 26,643 | 10,913 | 115,375 | (1,839) | (98) |
| 11,227 | 27,207 | 103,022 | (19,910) | (28,588) |
| 34.2% | 48.7% | 33.2% | 25.5% | 23.7% |

Revenues

Taxes
Intergovernmental
Licenses and permits
Fines and forfeitures
Charges for services
Special assessments
Development fees
Revenues from use of money and property
Contributions from property owners
Gain on sale of land held for resale
Miscellaneous
Total revenues

Expenditures

General government
Community development
Culture and recreation
Public safety
Public works
Capital outlay
Payments under pass-through agreements
Loss on sale of land held for resale
Debt service:
Principal
Interest
Other debt-related costs
Total expenditures
Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Proceeds from sale of capital assets
Issuance of debt
Refunding of debt
Discount on bonds issued
Bond premium
Payments to refunded bond escrow agent
Payment of bonds refunded
Loan proceeds
Total other financing sources (uses)
Net change in fund balances

Debt service as a percentage
of noncapital expenditures

Source: City of Cathedral City, Fund Financial Statements

City of Cathedral City
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years (Dollars in thousands)
 (Modified accrual basis of accounting)

| Fiscal Year | Property (including RDA tax increment) | Sales (Note 1) | In-Lieu VLF (Note 2) | Transient Occupancy | Utility Users | Other (Note 3) | Franchise Fees (Note 4) | Total |
|-----------------------|--|----------------|----------------------|---------------------|---------------|----------------|-------------------------|--------|
| 2000 | \$ 13,586 | 7,293 | - | 1,363 | - | 5,084 | - | 27,326 |
| 2001 | 15,839 | 7,545 | - | 1,391 | - | 2,524 | - | 27,299 |
| 2002 | 18,296 | 7,817 | - | 1,464 | - | 2,795 | - | 30,372 |
| 2003 | 20,795 | 8,652 | - | 1,774 | - | 2,655 | - | 33,876 |
| 2004 | 16,684 | 9,331 | - | 1,681 | - | 2,463 | - | 30,159 |
| 2005 | 19,373 | 10,165 | 2,585 | 1,703 | - | 852 | - | 34,678 |
| 2006 | 25,109 | 10,177 | 3,282 | 1,851 | - | 1,475 | - | 41,894 |
| 2007 | 28,145 | 10,008 | 3,691 | 1,961 | - | 588 | - | 44,393 |
| 2008 | 30,467 | 8,345 | 4,167 | 1,632 | - | 478 | 1,975 | 47,064 |
| 2009 | 28,835 | 6,165 | 4,214 | 1,150 | 635 | 483 | 1,995 | 43,477 |
| Change 2000 - 2009 | 112.2% | -15.5% | NA | -15.6% | NA | -90.5% | NA | 59.1% |

Notes to Schedule:

Note 1: Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax.

Note 2: As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap beginning with the fiscal year ended June 30, 2005.

Note 3: Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

Note 4: Prior to 2008, franchise fees were reported as charges for services.

Source: City of Cathedral City Finance Department

City of Cathedral City
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in thousands)



| Fiscal Year | Residential Property | Commercial Property | Industrial Property | All Other Property (Note 2) | Total Net Taxable Assessed Value (Note 3) | Total Direct Tax Rate |
|-------------|----------------------|---------------------|---------------------|-----------------------------|---|-----------------------|
| 2000 | \$ 958,315 | 219,946 | 43,415 | 452,920 | 1,674,596 | 0.82314 |
| 2001 | 1,077,946 | 230,220 | 47,607 | 526,657 | 1,882,430 | 0.80817 |
| 2002 | 1,264,992 | 239,415 | 55,720 | 558,287 | 2,118,414 | 0.83226 |
| 2003 | 1,414,481 | 264,021 | 59,374 | 594,333 | 2,332,209 | 0.85126 |
| 2004 | 1,615,162 | 275,810 | 60,754 | 603,834 | 2,555,560 | 0.84884 |
| 2005 | 1,880,131 | 290,443 | 63,080 | 630,749 | 2,864,403 | 0.86395 |
| 2006 | 2,166,837 | 306,835 | 70,929 | 700,897 | 3,245,498 | 0.86814 |
| 2007 | 2,591,909 | 339,291 | 73,875 | 843,492 | 3,848,567 | 0.89159 |
| 2008 | 2,947,404 | 405,793 | 81,614 | 921,657 | 4,356,468 | 0.90300 |
| 2009 | 2,934,574 | 425,666 | 85,626 | 949,855 | 4,395,721 | 0.90396 |

Notes to Schedule:

Note 1: In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Includes the following categories: dry farm, government, institutional, recreational, vacant land, SBE nonunitary, possessory interest, unsecured and unknown.

Note 3: The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

Source: HdL Coren & Cone (Riverside County Assessor 1999/2000 - 2008/09 Combined Tax Rolls)

City of Cathedral City
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

| Fiscal Year | Basic Levy (Note 1) | Overlapping Rates (Note 2) | | | | | |
|-------------|------------------------|---------------------------------|------------------------------|------------------------------|--------------------------|---------------------|---------------------------------|
| | | Coachella Valley Water District | CVWD Improvement District 53 | CVWD Improvement District 54 | Desert Community College | Desert Water Agency | Desert Water Agency 4 Th Fringe |
| 2000 | \$ 1.00000 | 0.02080 | 0.00540 | 0.03820 | - | 0.07000 | 0.07000 |
| 2001 | 1.00000 | 0.02080 | 0.00190 | 0.02890 | - | 0.07000 | 0.07000 |
| 2002 | 1.00000 | 0.02080 | 0.00170 | 0.02300 | - | 0.07000 | 0.07000 |
| 2003 | 1.00000 | 0.02080 | 0.00170 | 0.02160 | - | 0.07000 | 0.07000 |
| 2004 | 1.00000 | 0.02080 | 0.00060 | 0.02020 | - | 0.06000 | 0.06000 |
| 2005 | 1.00000 | 0.02080 | 0.00020 | 0.01910 | 0.01994 | 0.06000 | 0.06000 |
| 2006 | 1.00000 | 0.02080 | 0.00020 | 0.01800 | 0.01995 | 0.06000 | 0.06000 |
| 2007 | 1.00000 | 0.02080 | - | 0.01800 | 0.01995 | 0.08000 | 0.08000 |
| 2008 | 1.00000 | 0.04000 | 0.00090 | 0.00720 | 0.01995 | 0.08000 | 0.08000 |
| 2009 | 1.00000 | 0.04000 | - | 0.00650 | 0.01995 | 0.08000 | 0.08000 |

Notes to Schedule:

Note 1: In 1978, California voters passed Proposition 13, which set the property tax rate at a 1.00% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Note 2: Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners.

Note 3: City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

Note 4: RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values.

Note 5: The Government Finance Officers Association 's definition of total direct rate is: "The weighted average of all individual rates applied by the government preparing the statistical section." The total direct rate of the City is calculated based on this definition, therefore, the columns will not sum across.

Source: HdL Coren & Cone (Riverside County Assessor, 1999/2000 - 2008/09 Tax Rate Tables)



| <u>Palm Springs Unified B&I 1992-A</u> | <u>Total Direct and Overlapping Rates</u> | <u>City Share of 1% Levy (Note 3)</u> | <u>Redevelopment Agency Incremental Rate (Note 4)</u> | <u>Total Direct Rate (Note 5)</u> | <u>Fiscal Year</u> |
|--|---|---|---|---|------------------------|
| 0.06050 | 1.26490 | 0.15337 | 1.00000 | 0.82314 | 2000 |
| 0.05609 | 1.24769 | 0.15337 | 1.00000 | 0.80817 | 2001 |
| 0.06192 | 1.24742 | 0.15337 | 1.00000 | 0.83226 | 2002 |
| 0.06002 | 1.24412 | 0.15337 | 1.00000 | 0.85126 | 2003 |
| 0.06052 | 1.22212 | 0.15337 | 1.00000 | 0.84884 | 2004 |
| 0.05715 | 1.23719 | 0.15337 | 1.00000 | 0.86395 | 2005 |
| 0.05012 | 1.22907 | 0.15337 | 1.00000 | 0.86814 | 2006 |
| 0.05912 | 1.27787 | 0.15337 | 1.00000 | 0.89159 | 2007 |
| 0.05468 | 1.28273 | 0.15337 | 1.00000 | 0.90300 | 2008 |
| 0.06007 | 1.28652 | 0.16455 | 1.00000 | 0.90396 | 2009 |

City of Cathedral City
Principal Property Taxpayers
Current Year and Nine Years Ago
(Dollars in thousands)

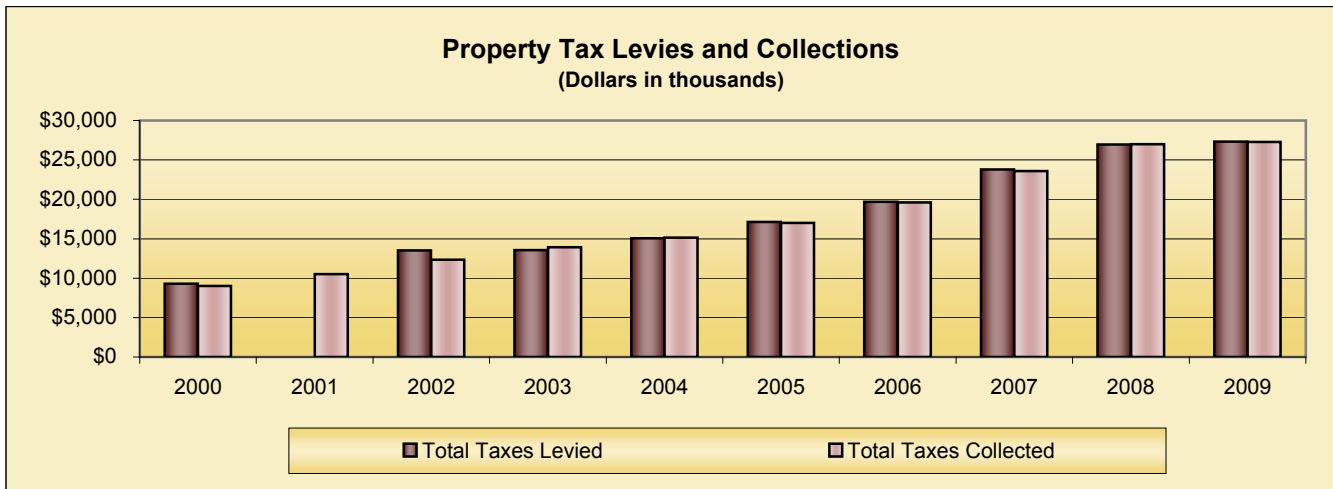
| Taxpayer | 2009 | | | 2000 | | |
|---|------------------------------|------|--|------------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| BJ's Cat City | \$ 38,291 | 1 | 0.87% | | | |
| MHC Date Palm | 29,747 | 2 | 0.68% | | | |
| Welk Resort Group, Inc./Welk Park North | 26,121 | 3 | 0.59% | 29,529 | 1 | 1.76% |
| Las Estancias Development Company | 21,936 | 4 | 0.50% | | | |
| Meristar Sub 1C | 21,882 | 5 | 0.50% | | | |
| Rio Vista Property LLC | 21,751 | 6 | 0.49% | | | |
| PSRV | 18,684 | 7 | 0.43% | | | |
| Roberta's Limited Partnership | 15,717 | 8 | 0.36% | | | |
| Mega Dealer | 14,876 | 9 | 0.34% | | | |
| Rolling Hills Silver Spur Pickford | 13,993 | 10 | 0.32% | | | |
| MHC Operating Limited Partnership | | | | 24,646 | 2 | 1.47% |
| Canyon | | | | 21,793 | 3 | 1.30% |
| Capstar Cathedral City Company | | | | 18,851 | 4 | 1.13% |
| West Southwest Retail Partners | | | | 13,554 | 5 | 0.81% |
| Wal Mart Stores, Inc. / Sam's West | | | | 12,988 | 6 | 0.78% |
| Pace Membership Warehouse, Inc. | | | | 10,624 | 7 | 0.63% |
| Palm Springs Motors | | | | 10,209 | 8 | 0.61% |
| Dana B. and Melba E. Horn | | | | 9,855 | 9 | 0.59% |
| Desert Princess Country Club | | | | 9,004 | 10 | 0.54% |
| Totals | <u>\$ 222,998</u> | | <u>5.08%</u> | <u>161,053</u> | | <u>9.62%</u> |

Notes to Schedule:

Note 1: Rankings are based on taxable assessed value, not property taxes paid.

Source: HdL Coren & Cone (Riverside County Assessor 2008/09 and 1999/2000 Combined Tax Rolls and the SBE Unitary Tax Roll)

City of Cathedral City
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in thousands)



| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year (Note 1) | Collected within the Fiscal Year of the Levy | | Previous Years Collections (Notes 2 and 3) | Total Collections to Date | |
|---------------------------------|--|---|-----------------------|--|---------------------------|-----------------------|
| | | Amount (Note 2) | Percentage of Levy | | Amount | Percentage of Levy |
| 2000 | \$ 9,298 | 9,017 | 96.98% | 1 | 9,018 | 96.99% |
| 2001 | NA | 10,529 | NA | - | 10,529 | NA |
| 2002 | 13,517 | 12,338 | 91.28% | 2 | 12,340 | 91.29% |
| 2003 | 13,577 | 13,905 | 102.42% | 3 | 13,908 | 102.44% |
| 2004 | 15,056 | 15,148 | 100.61% | 5 | 15,153 | 100.64% |
| 2005 | 17,111 | 17,009 | 99.40% | 5 | 17,014 | 99.43% |
| 2006 | 19,670 | 19,608 | 99.68% | 9 | 19,617 | 99.73% |
| 2007 | 23,790 | 23,575 | 99.10% | 3 | 23,578 | 99.11% |
| 2008 | 26,965 | 26,900 | 99.76% | 95 | 26,995 | 100.11% |
| 2009 | 27,324 | 27,174 | 99.45% | 118 | 27,292 | 99.88% |

Notes to Schedule:

Note 1: Information as to the total tax levy for the fiscal year is not available from the Riverside County Auditor-Controller. The total tax levy has been estimated using the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller. The total tax levy for 2001 is not available (NA) because the Riverside County Auditor-Controller cannot locate the Statement of Original Charge for that year.

Note 2: Collections for 2009 are for amounts received as of September 24, 2009.

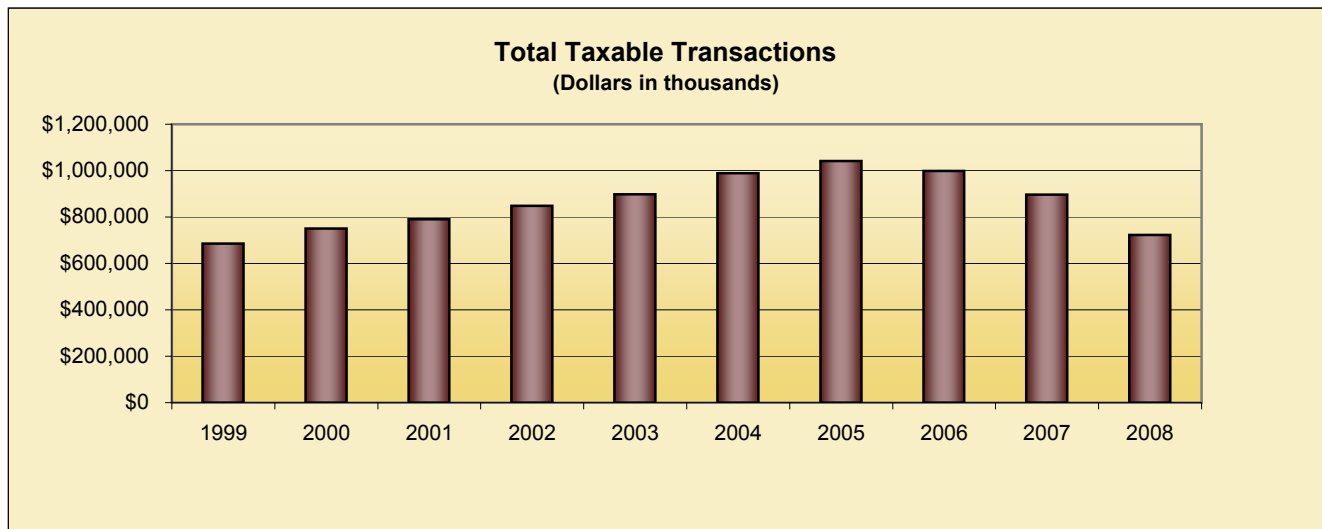
Note 3: The table above shows the total amount of delinquent taxes collected in each fiscal year. The Riverside County Auditor-Controller does not provide information regarding the levy year to which the delinquent tax collections pertain.

Note 4: The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were pass-throughs to other agencies. Fixed charge collections related to assessment district debt, which the City is not obligated for, are not included in this schedule.

Source: City of Cathedral City; Riverside County Auditor-Controller

City of Cathedral City
Taxable Transactions By Category
Last Ten Calendar Years (Dollars in thousands)

| Calendar Year | Category | | | | | |
|---------------|----------------|---------------------|-------------|----------------------------|--------------------|---------------------------|
| | Apparel Stores | General Merchandise | Food Stores | Eating and Drinking Places | Building Materials | Auto Dealers and Supplies |
| 1999 | \$ 6,032 | 81,466 | 25,773 | 38,495 | 46,091 | 274,696 |
| 2000 | 6,886 | 86,774 | 25,929 | 40,620 | 50,732 | 310,041 |
| 2001 | 7,524 | 91,867 | 29,373 | 43,652 | 46,472 | 335,058 |
| 2002 | 7,183 | 98,653 | 30,408 | 46,703 | 45,755 | 370,794 |
| 2003 | 6,363 | 105,103 | 32,328 | 48,614 | 48,745 | 389,555 |
| 2004 | 5,333 | 112,750 | 31,823 | 53,536 | 61,045 | 423,106 |
| 2005 | 5,142 | 102,389 | 33,911 | 57,089 | 72,939 | 435,396 |
| 2006 | 5,511 | 56,896 | 33,948 | 56,327 | 68,943 | 442,976 |
| 2007 | 7,915 | 36,717 | 33,266 | 56,908 | 47,798 | 411,440 |
| 2008 | 9,874 | 34,117 | 33,021 | 58,552 | 38,892 | 275,074 |



Source: The HdL Companies, State of California Board of Equalization



| Category | | | | |
|---------------------|---------------------------|-------------------------|-----------|------------------|
| Service Stations | Other Retail Stores | All Other Outlets | Total | Calendar Year |
| 34,309 | 57,537 | 121,457 | 685,856 | 1999 |
| 43,178 | 63,579 | 122,947 | 750,686 | 2000 |
| 43,047 | 62,762 | 130,730 | 790,485 | 2001 |
| 43,420 | 69,394 | 135,730 | 848,040 | 2002 |
| 52,059 | 75,083 | 140,201 | 898,051 | 2003 |
| 65,220 | 78,983 | 157,280 | 989,076 | 2004 |
| 76,701 | 83,411 | 174,347 | 1,041,325 | 2005 |
| 85,171 | 76,709 | 171,724 | 998,205 | 2006 |
| 88,283 | 66,371 | 147,447 | 896,145 | 2007 |
| 90,940 | 53,807 | 128,353 | 722,630 | 2008 |

City of Cathedral City
Top 25 Sales Tax Producers
Current Year and Nine Years Ago
(Listed alphabetically)

| 2009 | | 2000 | |
|--|------------------------------|--|------------------------------|
| Taxpayer | Business | Taxpayer | Business |
| BP West Coast Products | Service Stations | Acura Mazda of the Desert | New Motor Vehicle Dealers |
| Burlington Coat Factory | Family Apparel | Albertsons | Grocery Stores Liquor |
| Cathedral City Fuels Co. | Service Stations | Arco AM PM Mini Mart | Service Stations |
| Crystal Chrysler Jeep Dodge Center | New Motor Vehicle Dealers | Arco AM PM Mini Mart | Service Stations |
| Desert Lexus | New Motor Vehicle Dealers | C & M Building Materials | Lumber/Building Materials |
| Ferguson Enterprises | Plumbing/Electrical Supplies | Champion Mitsubishi | New Motor Vehicle Dealers |
| Honda of the Desert | New Motor Vehicle Dealers | Crystal Chrysler Center | New Motor Vehicle Dealers |
| Honda of the Desert | New Motor Vehicle Dealers | Desert Lexus | New Motor Vehicle Dealers |
| Jack in the Box | Restaurants No Alcohol | Ferguson Enterprises | Plumbing/Electrical Supplies |
| JC Mobil | Service Stations | Ford Credit Titling Trust | Auto Lease |
| Jessup Auto Plaza | New Motor Vehicle Dealers | Honda of the Desert | New Motor Vehicle Dealers |
| Palm Springs Ford Lincoln Mercury | New Motor Vehicle Dealers | JCS Mobil | Service Stations |
| Palm Springs Nissan | New Motor Vehicle Dealers | Kia Superstore | New Motor Vehicle Dealers |
| Palm Springs Oil | Service Stations | Legacy Home Furnishings | Home Furnishings |
| Palm Springs Volvo & Subaru | New Motor Vehicle Dealers | Mitsubishi Motors Credit America | Auto Lease |
| Philip Linder & Associates | Home Furnishings | Palm Springs Ford Lincoln Mercury | New Motor Vehicle Dealers |
| Ramon Car Wash & Arco AM/PM | Service Stations | Palm Springs Oil | Service Stations |
| Stater Bros. | Grocery Stores Liquor | Paradise Volkswagen | New Motor Vehicle Dealers |
| Target | Discount Dept Stores | Sams Club | Discount Dept Stores |
| Toyota Motor Credit Corporation | Auto Lease | Spreen Saturn | New Motor Vehicle Dealers |
| Toyota of the Desert | New Motor Vehicle Dealers | Target | Discount Dept Stores |
| Toyota of the Desert Scion | New Motor Vehicle Dealers | Toyota of the Desert | New Motor Vehicle Dealers |
| Valero Corner Store | Service Stations | Ultramar | Service Stations |
| Walgreens | Drug Stores | Victory Tile & Marble | Lumber/Building Materials |
| Wiley Hyundai | New Motor Vehicle Dealers | Wal Mart | Discount Dept Stores |
| Percentage of total paid by top 25 accounts - 56.03% | | Percentage of total paid by top 25 accounts - 58.50% | |

Notes to Schedule:

Note 1: Information is for the periods April 2008 through March 2009 and April 1999 through March 2000, respectively.

Source: Hinderliter, de Llamas & Associates, California State Board of Equalization

City of Cathedral City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in thousands, except per capita)

| Fiscal Year | Governmental Activities | | | | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|-------------------------|----------------------|---------------|--------------------------|----------------|-------------------------------|--------------------------|-------------------------------|------------|
| | Lease Revenue Bonds | Tax Allocation Bonds | Revenue Bonds | Limited Obligation Bonds | Capital Leases | Long-Term Loans/Notes Payable | | | |
| 2000 | \$ 8,170 | 47,116 | 17,635 | - | 259 | 9,624 | 82,804 | 11.97% | 1,942 |
| 2001 | 7,910 | 46,206 | 16,290 | - | 176 | 13,028 | 83,610 | 11.22% | 1,897 |
| 2002 | 7,635 | 45,196 | 14,890 | - | 87 | 14,724 | 82,532 | 10.61% | 1,808 |
| 2003 | 7,345 | 101,791 | 13,425 | - | 622 | 9,870 | 133,053 | 15.97% | 2,781 |
| 2004 | 7,040 | 99,701 | 11,835 | - | 310 | 8,281 | 127,167 | 14.29% | 2,578 |
| 2005 | 6,720 | 111,901 | - | 15,525 | 3,070 | 8,296 | 145,512 | 15.23% | 2,863 |
| 2006 | 6,385 | 112,426 | - | 12,760 | 1,852 | 8,138 | 141,561 | 13.92% | 2,760 |
| 2007 | 6,030 | 225,146 | - | 11,220 | 1,500 | 8,456 | 252,352 | 24.01% | 4,849 |
| 2008 | 5,655 | 222,751 | - | 9,070 | 1,305 | 9,234 | 248,015 | NA | 4,772 |
| 2009 | 5,255 | 219,061 | - | 6,835 | 1,181 | 9,758 | 242,090 | NA | 4,616 |

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

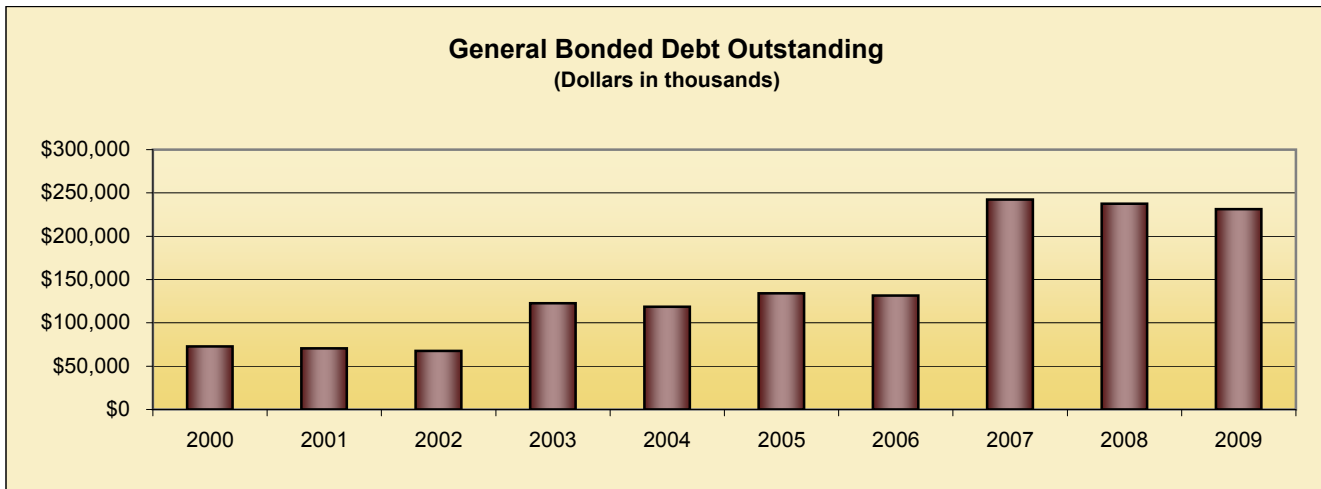
Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Demographic and Economic Statistics* table for personal income and population data. These ratios are calculated using personal income and population data as of the beginning of the calendar year.

Note 4: Personal income was estimated using the population and per capital personal income data. Per capita personal income information is not currently available from the U.S. Department of Commerce, Bureau of Economic Affairs for the years 2008 and 2009. Therefore, the percentage of personal income for 2008 and 2009 is not available (NA).

Source: City of Cathedral City Finance Department; *Demographic and Economic Statistics* table

City of Cathedral City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in thousands, except per capita)



| Fiscal Year | General Bonded Debt Outstanding | | | | | Percentage of Assessed Taxable Value of Property | Per Capita |
|-------------|---------------------------------|----------------------|---------------|--------------------------|---------|--|------------|
| | Lease Revenue Bonds | Tax Allocation Bonds | Revenue Bonds | Limited Obligation Bonds | Total | | |
| 2000 | \$ 8,170 | 47,116 | 17,635 | - | 72,921 | 4.35% | 1,710 |
| 2001 | 7,910 | 46,206 | 16,290 | - | 70,406 | 3.74% | 1,597 |
| 2002 | 7,635 | 45,196 | 14,890 | - | 67,721 | 3.20% | 1,483 |
| 2003 | 7,345 | 101,791 | 13,425 | - | 122,561 | 5.26% | 2,562 |
| 2004 | 7,040 | 99,701 | 11,835 | - | 118,576 | 4.64% | 2,403 |
| 2005 | 6,720 | 111,901 | - | 15,525 | 134,146 | 4.68% | 2,640 |
| 2006 | 6,385 | 112,426 | - | 12,760 | 131,571 | 4.05% | 2,565 |
| 2007 | 6,030 | 225,146 | - | 11,220 | 242,396 | 6.30% | 4,657 |
| 2008 | 5,655 | 222,751 | - | 9,070 | 237,476 | 5.45% | 4,569 |
| 2009 | 5,255 | 219,061 | - | 6,835 | 231,151 | 5.26% | 4,407 |

Notes to Schedule:

Note 1: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Beginning with the fiscal year ended June 30, 2004, debt service funds for all assessment districts were eliminated since the City is not obligated for this debt in any way. All amounts prior to the fiscal year ended June 30, 2004, have been adjusted to eliminate all debt related to assessment districts.

Note 3: See the *Assessed Value and Actual Value of Taxable Property* table for property value data.

Note 4: See the *Demographic and Economic Statistics* table for population data. The ratio is calculated using population data as of the beginning of the calendar year.

Source: City of Cathedral City Finance Department; *Assessed Value and Actual Value of Taxable Property* table; *Demographic and Economic Statistics* table

City of Cathedral City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009
(Dollars in thousands)

| | |
|---|--------------------------|
| 2008-09 Assessed Valuation | \$ 4,389,387 |
| Less: Redevelopment Incremental Valuation | <u>(3,905,633)</u> |
| Adjusted Assessed Valuation | <u><u>\$ 483,754</u></u> |

| | Total Debt 06/30/09 | Percentage Applicable ⁽²⁾ | City's Share of Debt 06/30/09 |
|--|------------------------|---|--|
| Overlapping Tax and Assessment Debt ⁽¹⁾ : | | | |
| Desert Community College District | \$ 325,869 | 1.310% | \$ 4,269 |
| Palm Springs Unified School District | 231,840 | 3.144% | 7,289 |
| City of Cathedral City Community Facilities District No. 2000-01 | 12,015 | 100.000% | 12,015 |
| City of Cathedral City 1915 Act Bonds | 52,008 | 100.000% | <u>52,008</u> |
| Total overlapping tax and assessment debt | | | <u><u>75,581</u></u> |
| Direct and Overlapping General Fund Debt: | | | |
| Riverside County General Fund Debt | 760,795 | 0.280% | 2,130 |
| Riverside County Pension Obligations | 382,090 | 0.280% | 1,070 |
| Riverside County Board of Education, Certificates of Participation | 8,270 | 0.280% | 23 |
| City of Cathedral City General Fund Debt | 5,255 | 100.000% | 5,255 |
| Coachella Valley County Water District, I.D. No. 71 Certificates of Participation | 5,240 | 1.246% | <u>66</u> |
| Total gross direct and overlapping general fund debt | | | 8,544 |
| Less: Riverside self-supporting obligations | | | <u>(46)</u> |
| Total net direct direct and overlapping general fund debt | | | <u><u>\$ 8,498</u></u> |
| Gross combined total debt | | | <u><u>\$ 84,125</u></u> ⁽³⁾ |
| Net combined total debt | | | <u><u>\$ 84,079</u></u> ⁽³⁾ |

Ratios to 2008-09 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.72%

Ratios to Adjusted Assessed Valuation:
Combined direct debt (\$5,255,000) 1.09%
Gross combined total debt 17.39%
Net combined total debt 17.38%

State School Building Aid Repayable as of 6/30/09: \$ -

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

City of Cathedral City
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a Percentage of Debt Limit |
|-------------|------------|------------------------------------|-------------------|--|
| 2000 | \$ 251,189 | - | 251,189 | 0.00% |
| 2001 | 282,365 | - | 282,365 | 0.00% |
| 2002 | 317,762 | - | 317,762 | 0.00% |
| 2003 | 349,831 | - | 349,831 | 0.00% |
| 2004 | 383,334 | - | 383,334 | 0.00% |
| 2005 | 429,660 | - | 429,660 | 0.00% |
| 2006 | 486,825 | - | 486,825 | 0.00% |
| 2007 | 577,285 | - | 577,285 | 0.00% |
| 2008 | 653,470 | - | 653,470 | 0.00% |
| 2009 | 659,358 | - | 659,358 | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2009:

| | |
|---|---------------------|
| Assessed value | <u>\$ 4,395,721</u> |
| Debt limit (15% of total assessed value) | \$ 659,358 |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Less: Amount set aside for repayment of general obligation debt | <u>-</u> |
| Total net debt applicable to limit | <u>-</u> |
| Legal debt margin | <u>\$ 659,358</u> |

Notes to Schedule:

Note 1: The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

Source: City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2008/09 Combined Tax Rolls)

City of Cathedral City
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in thousands)

| Fiscal Year | Tax Allocation Bonds (Non-Housing) | | | |
|----------------|------------------------------------|--------------|----------|----------|
| | Tax Increment Revenues | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2000 | \$ 10,016 | 870 | 1,682 | 3.92 |
| 2001 | 11,834 | 910 | 2,167 | 3.85 |
| 2002 | 13,686 | 1,010 | 2,393 | 4.02 |
| 2003 | 15,643 | 1,055 | 2,219 | 4.78 |
| 2004 | 12,232 | 1,710 | 3,226 | 2.48 |
| 2005 | 14,069 | 1,565 | 2,607 | 3.37 |
| 2006 | 18,330 | 1,430 | 3,202 | 3.96 |
| 2007 | 20,970 | 1,635 | 3,548 | 4.05 |
| 2008 | 23,095 | 1,725 | 8,192 | 2.33 |
| 2009 | 21,986 | 3,005 | 8,989 | 1.83 |

| Fiscal Year | Tax Allocation Bonds (Housing) | | | |
|----------------|--------------------------------|--------------|----------|----------|
| | Tax Increment Revenues | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2000 | \$ 2,499 | - | - | - |
| 2001 | 2,959 | - | - | - |
| 2002 | 3,426 | - | - | - |
| 2003 | 3,870 | - | - | - |
| 2004 | 3,058 | 380 | 1,071 | 2.11 |
| 2005 | 3,517 | 610 | 1,034 | 2.14 |
| 2006 | 4,583 | 630 | 1,033 | 2.76 |
| 2007 | 5,242 | 645 | 1,032 | 3.13 |
| 2008 | 5,774 | 670 | 1,033 | 3.39 |
| 2009 | 5,496 | 685 | 1,029 | 3.21 |

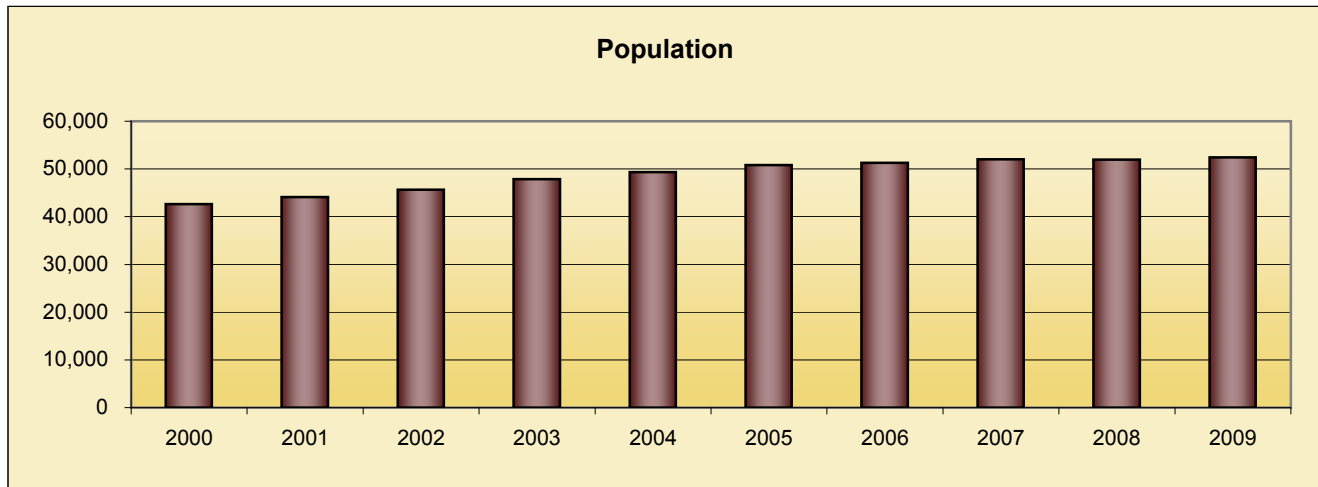
| Fiscal Year | Lease Revenue Bonds | | | |
|----------------|---------------------|--------------|----------|----------|
| | Lease Revenues | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2000 | \$ 769 | 365 | 570 | 0.82 |
| 2001 | 641 | 260 | 553 | 0.79 |
| 2002 | 876 | 275 | 540 | 1.07 |
| 2003 | 753 | 290 | 526 | 0.92 |
| 2004 | 758 | 305 | 510 | 0.93 |
| 2005 | 747 | 320 | 494 | 0.92 |
| 2006 | 753 | 335 | 476 | 0.93 |
| 2007 | 744 | 355 | 458 | 0.92 |
| 2008 | 736 | 375 | 477 | 0.86 |
| 2009 | 728 | 400 | 415 | 0.89 |

Notes to Schedule:

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Cathedral City Finance Department

City of Cathedral City
Demographic and Economic Statistics
Last Ten Years



| Year | Population ¹ | Personal Income | Per Capita Personal Income ^{2, 3} | Unemployment Rate ⁴ |
|------|-------------------------|-----------------|--|--------------------------------|
| 2000 | 42,647 | \$ 691,521,105 | \$ 16,215 | 5.30% |
| 2001 | 44,085 | 745,080,585 | 16,901 | 5.10% |
| 2002 | 45,659 | 777,846,724 | 17,036 | 6.20% |
| 2003 | 47,841 | 832,911,810 | 17,410 | 6.70% |
| 2004 | 49,338 | 889,909,506 | 18,037 | 6.00% |
| 2005 | 50,819 | 955,498,838 | 18,802 | 5.30% |
| 2006 | 51,294 | 1,017,057,432 | 19,828 | 5.00% |
| 2007 | 52,045 | 1,050,840,595 | 20,191 | 5.80% |
| 2008 | 51,972 | Not available | Not available | 8.10% |
| 2009 | 52,447 | Not available | Not available | 13.60% |

Notes to Schedule:

Note 1: Per capita personal income for the year 2000 was based on the 2000 U.S. Census. Amounts for 2001 through 2007 was estimated using the 2000 U.S. Census amount and adjusting it based on the annual change in per capita personal income per the U.S. Department of Commerce, Bureau of Economic Affairs for Riverside County, California. Data by city is not available.

Note 2: Per capita personal income and population data are as of the beginning of the calendar year (January).

Note 3: Unemployment rates are as of June for each year and are not seasonally adjusted. The unemployment rate for June 2009 is a preliminary rate.

Note 4: Personal income was estimated using the population and per capital personal income data. Per capita personal income information is not currently available from the U.S. Department of Commerce, Bureau of Economic Affairs for the years 2008 and 2009.

Source: ¹ State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and the State, 2001-2009 with 2000 Benchmark*. Sacramento, California, May 2009; ² U.S. Bureau of the Census, 2000 Census of Population and Housing; ³ U.S. Department of Commerce, Bureau of Economic Affairs, *Local Area Personal Income*; ⁴ U.S. Department of Labor, Bureau of Labor Statistics, *Local Area Unemployment Statistics, 2000 - 2009*

**City of Cathedral City
Principal Employers
Current Year and Nine Years Ago**

| Employer | 2009 | | | 2000 | | |
|--------------------------------------|-----------------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Addus Healthcare | 250 - 499 | 1T | 0.9% - 1.9% | NA | NA | NA |
| Doral Desert Princess Resort | 250 - 499 | 1T | 0.9% - 1.9% | NA | NA | NA |
| Target | 250 - 499 | 1T | 0.9% - 1.9% | NA | NA | NA |
| Acura of the Desert | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Applebee's Neighborhood Grill | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Cathedral City High School | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| City of Cathedral City | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Ford Rent-a-Car System | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Honda of the Desert | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Hummer Saab Cadillac | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Legacy Rooms Express | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Nellie N. Coffman Middle School | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Palm Springs Lincoln Mercury | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Palm Springs Unified School District | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Stater Bros. Markets (Ramon) | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Stater Bros. Markets (Vista Chino) | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Toyota of the Desert | 100 - 249 | 4T | 0.4% - 0.9% | NA | NA | NA |
| Totals | <u>2,150 - 4,983</u> | | <u>8.1% - 18.9%</u> | <u>-</u> | | <u>0.00%</u> |
| Total employees | 26,398 | | | 19,539 | | |

Notes to Schedule:

Note 1: Total employees by employer are presented as a range as specific employer totals are not available. In addition, the percentage of total city employment is also presented as a range.

Note 2: Principal employer data from nine years ago is not available (NA).

Note 3: Total employees for 2009 is a preliminary total..

Source: U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, *Labor Market Info* (information provided by InfoUSA)

City of Cathedral City
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| General Government: | | | | | |
| City Council | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| City Manager | 2.50 | 2.50 | 3.50 | 3.50 | 4.50 |
| City Clerk | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Economic Development | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 |
| Finance | 9.50 | 9.00 | 8.00 | 5.00 | 8.00 |
| Housing | 4.33 | 5.00 | 6.50 | 5.50 | 5.00 |
| Human Resources | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Redevelopment | 4.67 | 5.00 | 6.00 | 4.00 | 4.00 |
| Management Information Systems | 3.00 | 4.00 | 2.00 | 3.00 | 3.00 |
| Public Works: | | | | | |
| Public Works | 13.50 | 13.50 | 12.00 | 14.00 | 15.00 |
| Public Maintenance | 10.50 | 10.50 | 10.00 | 8.00 | 8.00 |
| Public Safety: | | | | | |
| Police: | | | | | |
| Officers | 44.00 | 48.00 | 45.00 | 46.00 | 45.00 |
| Civilians | 30.50 | 36.00 | 32.00 | 26.50 | 26.50 |
| Fire: | | | | | |
| Firefighters and paramedics | 44.00 | 44.00 | 36.00 | 33.00 | 36.00 |
| Civilians | 7.50 | 9.00 | 9.00 | 9.00 | 9.00 |
| Community Development: | | | | | |
| Planning | 2.00 | 6.00 | 6.00 | 5.00 | 4.00 |
| Building | 4.50 | 6.00 | 7.00 | 8.00 | 5.00 |
| Engineering | 8.00 | 8.00 | 6.00 | 7.00 | 7.00 |
| Recreation | 6.00 | 6.00 | 6.00 | 6.00 | - |
| Solid Waste | - | 1.00 | - | - | - |
| Total | 202.50 | 223.50 | 206.00 | 194.50 | 191.00 |

Source: City of Cathedral City (Human Resources Department)



| Fiscal Year | | | | | Function |
|---------------|---------------|---------------|---------------|---------------|--------------------------------|
| 2005 | 2006 | 2007 | 2008 | 2009 | |
| 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | General Government: |
| 4.50 | 6.00 | 6.00 | 6.00 | 4.00 | City Council |
| 2.00 | 2.00 | 1.00 | 2.00 | 2.00 | City Manager |
| 2.00 | 1.00 | 1.00 | 1.00 | 1.00 | City Clerk |
| 9.50 | 9.00 | 8.50 | 9.50 | 9.00 | Economic Development |
| 6.00 | 5.00 | 5.00 | 3.00 | 2.00 | Finance |
| 2.50 | 3.50 | 3.50 | 3.50 | 3.00 | Housing |
| 5.00 | 5.00 | 4.00 | 5.00 | 6.00 | Human Resources |
| 1.00 | 3.00 | 3.00 | 3.00 | 3.00 | Redevelopment |
| | | | | | Management Information Systems |
| 14.00 | 13.00 | 15.00 | 17.00 | 17.00 | Public Works: |
| 10.00 | 12.00 | 11.50 | 14.50 | 14.00 | Public Works |
| | | | | | Public Maintenance |
| 47.00 | 50.00 | 53.00 | 55.00 | 55.00 | Public Safety: |
| 25.00 | 31.50 | 33.50 | 43.00 | 35.00 | Police: |
| | | | | | Officers |
| | | | | | Civilians |
| 37.00 | 34.00 | 42.00 | 40.00 | 45.00 | Fire: |
| 9.00 | 9.00 | 9.00 | 10.00 | 10.00 | Firefighters and paramedics |
| | | | | | Civilians |
| 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | Community Development: |
| 6.00 | 7.00 | 8.00 | 9.00 | 9.00 | Planning |
| 7.00 | 7.00 | 7.00 | 7.00 | 6.00 | Building |
| - | - | - | - | - | Engineering |
| - | - | - | - | - | Recreation |
| | | | | | Solid Waste |
| 197.50 | 208.00 | 221.00 | 238.50 | 231.00 | Total |

**City of Cathedral City
Operating Indicators by Function
Last Ten Fiscal Years**

| Function | Fiscal Year | | | | |
|--------------------------------|-------------|-------|-------|-------|-------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Public Works: | | | | | |
| Streets maintained (miles) | NA | NA | NA | NA | NA |
| Public Safety: | | | | | |
| Police: | | | | | |
| Physical arrests | 1,117 | 1,162 | 2,193 | 2,017 | 1,800 |
| Parking violations | NA | NA | NA | NA | 865 |
| Traffic violations | 4,906 | 5,189 | 7,498 | 8,731 | 7,320 |
| Fire (note 2): | | | | | |
| Number of 9-1-1 calls answered | 3,491 | 4,177 | 4,209 | 4,405 | 4,370 |
| Inspections | NA | NA | 9,391 | 9,023 | 3,896 |
| Code complaints | NA | NA | 1,467 | 2,762 | 2,318 |
| Property/vehicle abatements | NA | NA | 256 | 268 | 207 |
| Graffiti | NA | NA | 563 | 614 | 1,264 |
| Notices/citations issued | NA | NA | 1,496 | 2,066 | 1,221 |
| Community Development: | | | | | |
| Building permits issued | 1,931 | 2,056 | 2,030 | 2,287 | 2,065 |

Notes to Schedule:

Note 1: Information for the year is not available (NA).

Note 2: Fire statistics are for the calendar year end, not fiscal year end.

Source: City of Cathedral City (various departments)



| Fiscal Year | | | | | Function |
|-------------|-------|-------|-------|-------|--|
| 2005 | 2006 | 2007 | 2008 | 2009 | |
| NA | NA | 122 | 154 | 154 | Public Works: Streets maintained (miles) |
| | | | | | Public Safety: |
| | | | | | Police: |
| 1,727 | 1,729 | 1,867 | 1,863 | 1,429 | Physical arrests |
| 848 | 1,039 | 1,060 | 2,492 | 1,761 | Parking violations |
| 10,500 | 8,868 | 5,838 | 4,400 | 4,916 | Traffic violations |
| | | | | | Fire (notes 1 and 2): |
| 4,927 | 4,546 | 4,620 | 4,728 | NA | Number of 9-1-1 calls answered |
| 3,587 | 193 | 137 | 3,137 | NA | Inspections |
| 6,824 | 5,483 | 3,997 | 2,470 | NA | Code complaints |
| 370 | 180 | 175 | 113 | NA | Property/vehicle abatements |
| 1,456 | 1,618 | 1,618 | 1,214 | NA | Graffiti |
| 2,284 | 1,536 | 1,354 | 2,075 | NA | Notices/citations issued |
| | | | | | Community Development: |
| 2,204 | 2,241 | 1,466 | 1,679 | 1,082 | Building permits issued |

**City of Cathedral City
Capital Asset Statistics by Function
Last Ten Fiscal Years**

| Function | Fiscal Year | | | | |
|-------------------------------|-------------|-------|-------|-------|-------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Public Works: | | | | | |
| Streets (miles) | NA | NA | NA | NA | NA |
| Streetlights | 1,008 | 1,029 | 1,072 | 1,107 | 1,119 |
| Traffic signs | 4,283 | 4,283 | 4,283 | 4,283 | 4,283 |
| Traffic signals | 40 | 40 | 43 | 43 | 43 |
| Public Safety: | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 38 | 48 | 52 | 58 | 61 |
| Fire stations | 3 | 3 | 3 | 3 | 3 |
| Community Development: | | | | | |
| Parks | 7 | 7 | 7 | 7 | 7 |
| Parks acreage | 24 | 24 | 24 | 24 | 24 |
| Community centers | 1 | 1 | 1 | 1 | 1 |
| Libraries | 1 | 1 | 1 | 1 | 1 |

Notes to Schedule:

Note 1: No capital asset indicators are available for the general government function.

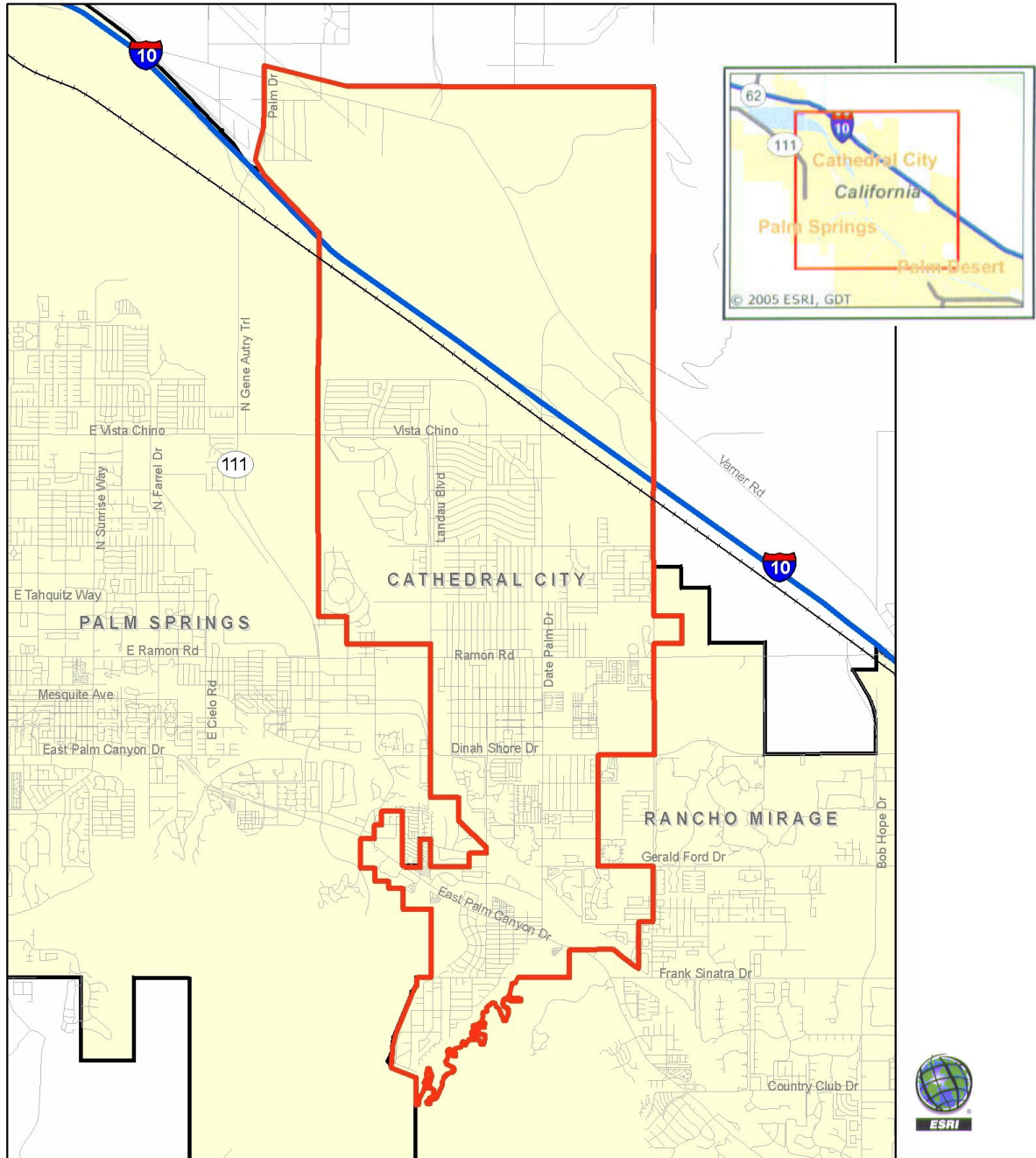
Note 2: Information for the year is not available (NA).

Source: City of Cathedral City (various departments)



| Fiscal Year | | | | | Function |
|-------------|-------|-------|-------|-------|-------------------------------|
| 2005 | 2006 | 2007 | 2008 | 2009 | |
| NA | NA | 122 | 154 | 154 | Public Works: |
| 1,136 | 1,144 | 1,161 | 1,161 | 1,161 | Streets (miles) |
| 4,283 | 4,283 | 4,283 | 4,283 | 4,283 | Streetlights |
| 46 | 46 | 46 | 46 | 46 | Traffic signs |
| | | | | | Traffic signals |
| | | | | | Public Safety: |
| 1 | 1 | 1 | 1 | 1 | Police: |
| 65 | 78 | 83 | 82 | 83 | Stations |
| 3 | 3 | 3 | 3 | 3 | Patrol units |
| | | | | | Fire stations |
| 7 | 7 | 7 | 9 | 9 | Community Development: |
| 24 | 24 | 24 | 42 | 42 | Parks |
| 1 | 1 | 1 | 1 | 1 | Parks acreage |
| 1 | 1 | 1 | 1 | 1 | Community centers |
| | | | | | Libraries |

City of Cathedral City
City of Cathedral City Map



CITY OF CATHEDRAL CITY, CALIFORNIA

This page intentionally left blank.





68-700 Avenida Lalo Guerrero
Cathedral City, CA 92234
760.770.0340
www.cathedralcity.gov